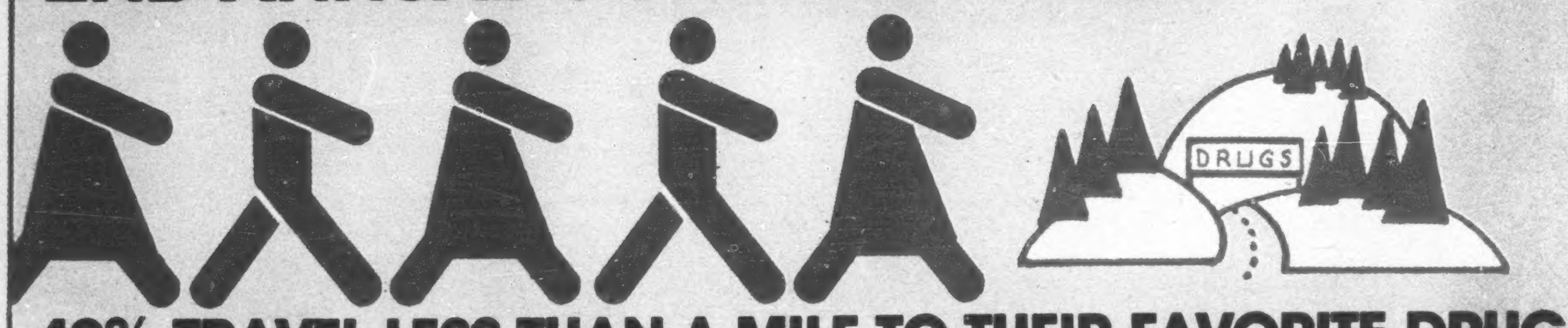
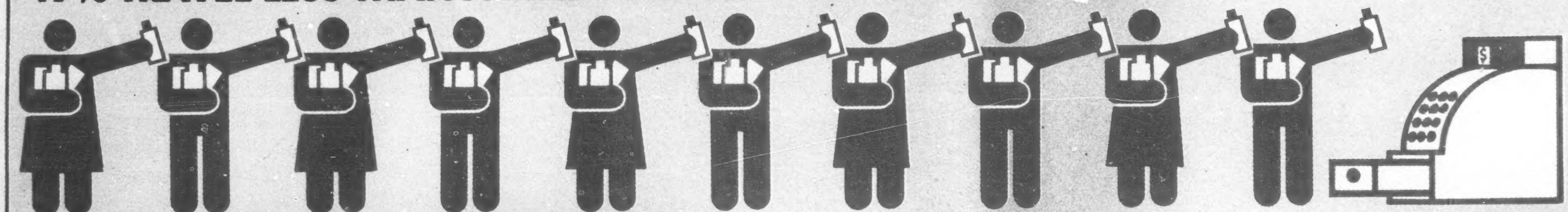
CHAIN STORE AGE
MERCHANDISER

2ND ANNUAL CONSUMER STUDY

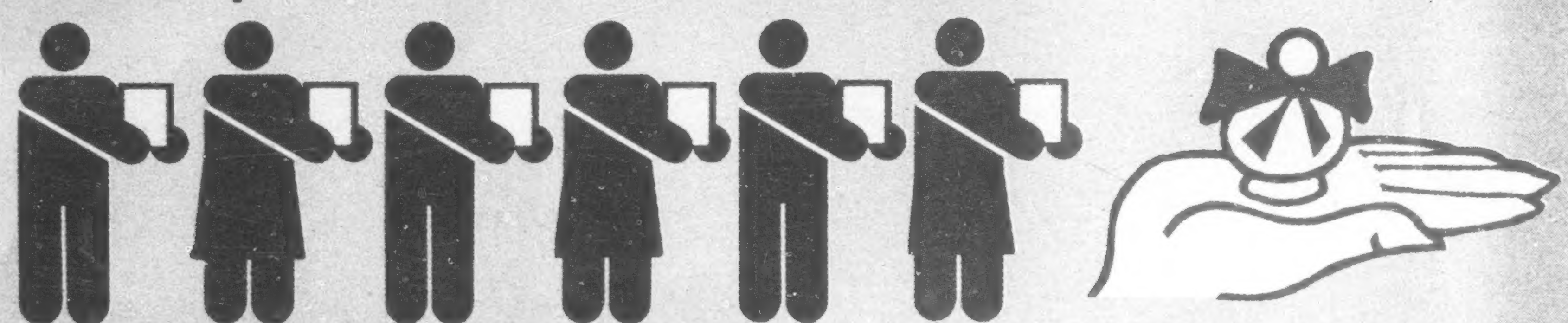
①



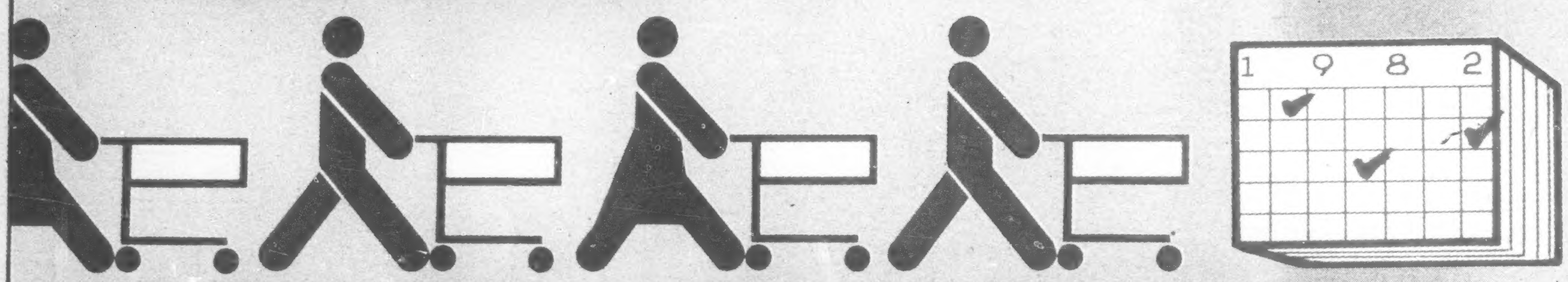
49% TRAVEL LESS THAN A MILE TO THEIR FAVORITE DRUG STORE



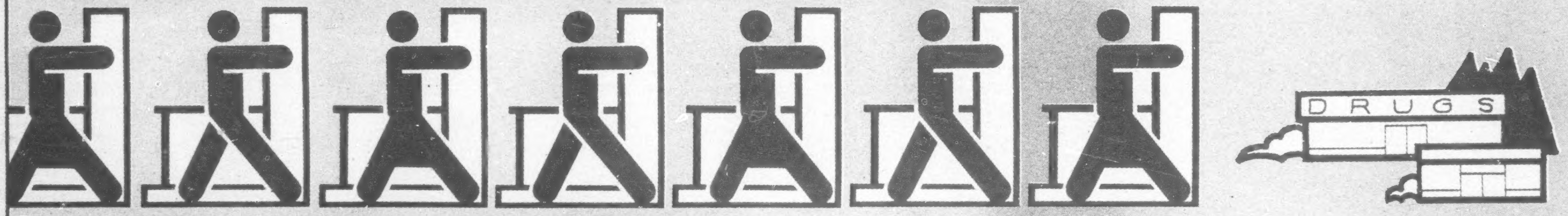
SPEND $15.50 EACH SHOPPING TRIP



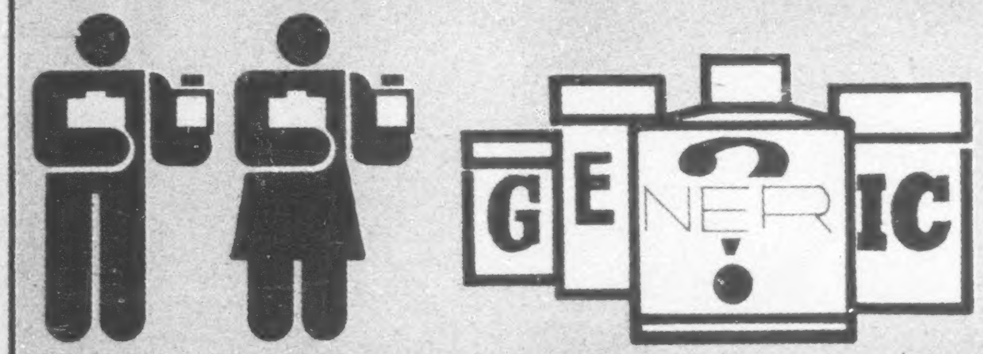
58% ARE IMPULSE BUYERS



DRUG STORE CONSUMERS SHOP 3.3 TIMES A MONTH



64% SHOP IN CHAIN DRUG STORES



17% ARE UNAWARE OF GENERIC DRUGS

Selection ranks higher with '82 shopper

By Bruce Buckley

A large, well-stocked merchandise assortment is much more important to consumers today than it was a year ago.

That's one loud message that shoppers delivered to drug retailers via *Drug Store News'* 2nd annual consumer survey.

Where only 15% of consumers surveyed in 1981 listed "large selection/well stocked" as a reason for shopping their favorite drug store, this year the percentage has jumped to 24%. The changing consumer perception comes at a time when many drug chains have been putting greater emphasis on tight inventories at the risk of more out-of-stock conditions.

This year's telephone survey of drug store shoppers (a nationally projectable sample) has been expanded to include more consumers (500) plus a greater number of questions. For the first time, *Drug Store News* has been able to draw comparisons among shoppers who purchase various categories in drug stores, supermarkets and discount outlets.

In addition to variety and depth of shelf merchandise, other areas in which this year's consumers held markedly different attitudes included speed and efficiency at the checkout counter (less important this year); familiarity with the owner, manager or pharmacist (more important), and good sales and bargains (less important). Reasonable, everyday prices, however, continued to be one of the key reasons for choosing a favorite drug store.

The survey also showed that 1982's hard-pressed drug store shopper is much more conservative. Forty-two per cent of the respondents said they never make an impulse purchase. Last year, the figure was only 14%.

This year for the first time the study measured the percentage of impulse purchases made by the average shopper. It turned out to be 17%. Not surprisingly newspapers/magazines and candy/gum were the leading impulse items.

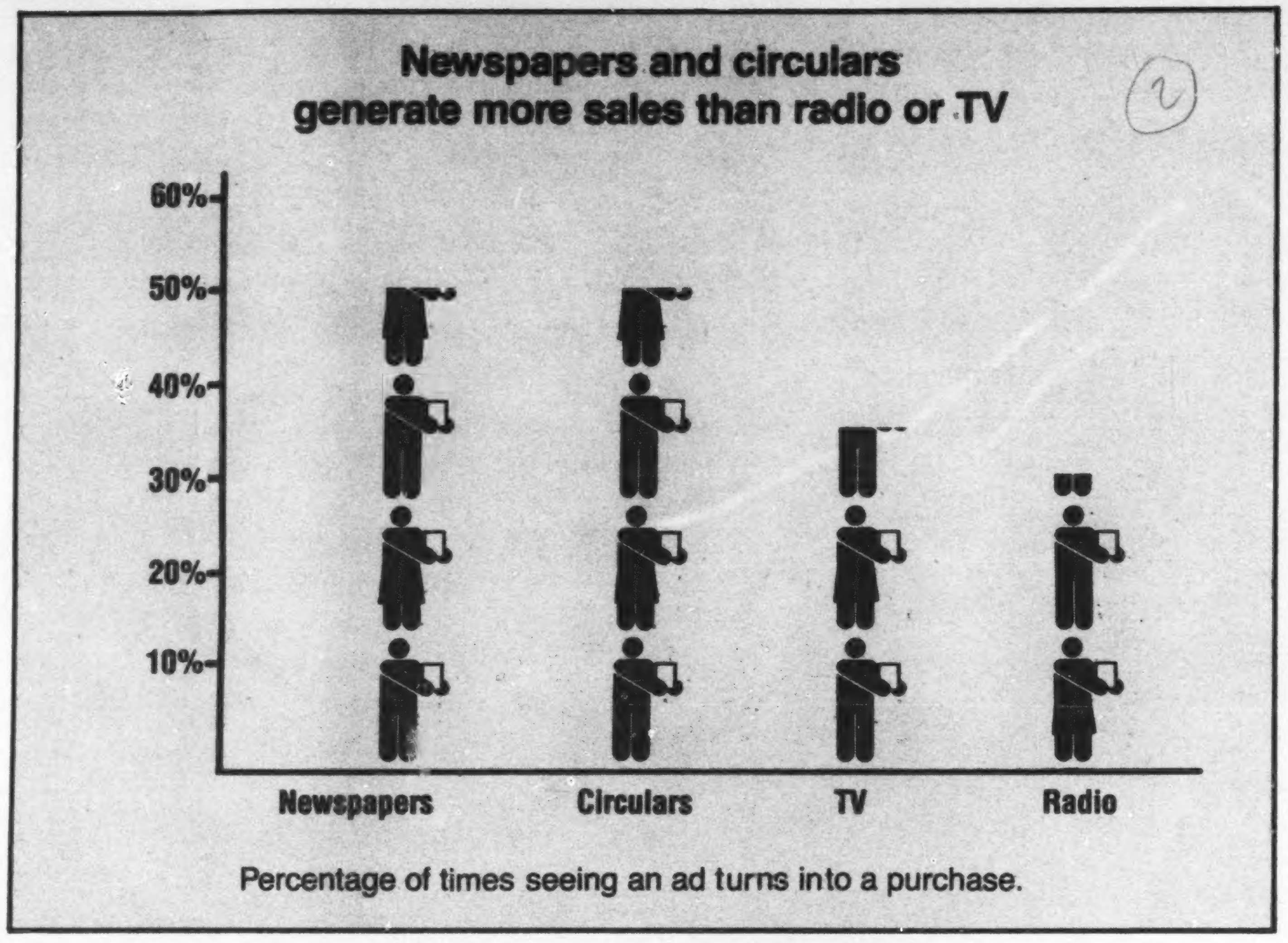
The study also found that a surprising 17% of consumers are not aware of the availability of generic scripts. Of those who are aware, only about a third said they had substituted a generic drug for one that carries a brand name.

The profile of 1982's drug store shopper, apart from what was noted above, was not a great deal different from the one that emerged last year. For example:

- The average consumer made between three and four shopping trips monthly to drug stores this year (3.3) and in 1981 (3.7).
- In 1982 the average drug store transaction was $15.50. Of this amount, $9.70 was spent on prescriptions. Last year the average drug store expenditure was $14. The amount spent on prescriptions was not measured.
- This year as in 1982 the most important reason for choosing a particular drug store was convenience. (About half of the shoppers surveyed travel less than a mile to their favorite store.)

Second Annual Consumer Study

Buying on impulse slows as economy tightens



Newspapers and circulars generate more sales than radio or TV

②

Percentage of times seeing an ad turns into a purchase.

Drug store consumers are generally more conservative this year than they were a year ago, despite the fact that they are spending slightly more on each shopping trip.

This is one of the patterns that emerged from *Drug Store News'* 2nd Annual Consumer Survey. The nationwide survey of 500 heads of household who regularly shop drug stores was conducted for *Drug Store News* by Lebhar-Friedman Research.

According to the study, the typical drug store shopper is much less likely to buy on impulse this year. In 1981, 14% of the drug store customers who were surveyed said they never make impulse purchases, while 25% said they always do. This year, with the faltering economy having an impact on consumers in general, 42% said they never make an impulse purchase while shopping a drug store and only 11% said they always do.

Not surprisingly, the study showed that impulse shoppers tend to be young and single, to shop more frequently and to spend more on each shopping trip than average. On the other hand, the typical nonimpulsive shopper is likely to be an older man from a rural setting who shops fewer times each month at one or two stores and spends little on each trip. The study showed that impulse purchases make up about 17% of the average purchases of an impulse shopper.

Items purchased on impulse with the greatest frequency were magazines/newspapers (3%) and candy/gum (3%). Categories mentioned most frequently were hair products (4%), cosmetic products (4%) and over-the-counter medication (4%).

As expected, prescriptions were mentioned most frequently by consumers (47%) as planned purchases on their last drug store shopping trip. Prescriptions were followed by health and beauty aids (35%), OTC medications (18%), oral hygiene products (12%) and skin care products (12%). Specific items cited most frequently as purchases that shoppers planned to buy were "prescriptions/medication/medicine/drugs" (43%), "toothpaste/toothbrush" (10%), "shampoo" (7%) and "deodorant" (5%).

The average drug store transaction has risen only slightly in the past year, according to the study, and much of the increase can be attributed to higher prices. In 1981, the average drug store consumer spent $14 on his or her most recent shopping trip. This year the amount was $15.50. The amount spent on prescriptions was $9.70. Last year this expenditure was not measured.

The study indicated that the biggest spenders among drug store shoppers are those who shop frequently, are impulse buyers or have a family member on a maintenance drug program. Frequent shoppers (five or more times a month) spent the most, $20.50 on their last shopping trip, while consumers with a family on a maintenance program spent an average of $18.79.

According to the survey, consumers shopped in approximately three different drug stores in the past six months, just about the same number as last year. Store loyalty was highest among consumers who never purchase on impulse.

The average number of drug store shopping trips was between three and four, again approximately the same as in 1981. In an average month, the typical consumer shops at supermarkets almost twice as often as at a drug store and more than two times as often as at a discount store.

The heaviest drug store shopping is done by shoppers who always pick up an item on impulse.

Approximately 2 out of 3 consumers said they shop drug stores about the same number of times a month as they did last year.

What are the factors that consumers consider important when choosing a particular drug store to shop? Not surprisingly, quality of merchandise and trust in pharmacists were given the highest ranking (extremely/very important) by more than 4 out of every 5 consumers. That assessment squares with last year's survey, when consumers ranked product quality and trust in pharmacist as No. 1 and No. 2 in importance.

At least 7 out of 10 consumers gave the highest ranking to the following factors when determining which drug store to shop: convenience (79%), merchandise always in stock (79%), reasonable everyday prices (79%), store environment and general cleanliness (77%), handling of returns/customer service (74%) and ability to find what you need easily (71%).

Less crucial but still important to consumers were the following factors: fast and efficient checkout (68%), good sale prices (66%), sale merchandise always in stock (62%), neatness of displayed merchandise (57%), wide variety of brands available (55%) and sales assistance (55%).

Less than 2 out of 5 consumers ranked the following factors as extremely/very important: frequency of advertised specials (39%) and availability of generic drugs in the pharmacy (38%).

At a different point in the survey consumers were asked the name of the drug store they shop most often and the reasons why they did. Not surprisingly the top drug chains received the greatest number of mentions. In addition, chain drug stores were named by approximately 2 out of every 3 respondents, about the same as last year. The reasons given most often for choosing a particular store were convenience (63%), and good prices/economical (24%) and large selection/well-stocked (24%).

For the first two, the percentage of consumers was approximately the same as last year. But large selection/well-stocked rose significantly this year in consumers' estimation. This change comes at a time when drug retailers are walking a tightrope between tight inventories and in-stock positions.

Other reasons given included the following: friendly/helpful salespeople/pharmacist (17%), good service/good hours, charge account (12%), familiarity with owner, manager, pharmacist (15%), clean/neat/comfortable store (9%) and good sales/bargains/specials (6%).

The study also showed that most

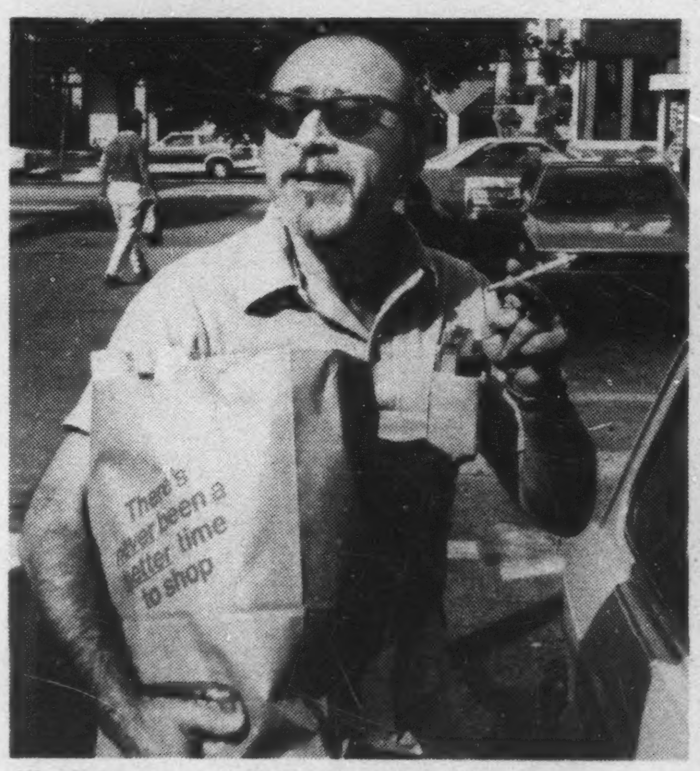
Continued on page 34

"I only like to shop once a month. I chose my drug store because of its proximity to the supermarket, and because it has a good selection at good prices. I'm on a fixed income and I only buy what I need, which isn't much, so I don't pay much attention to local ads."

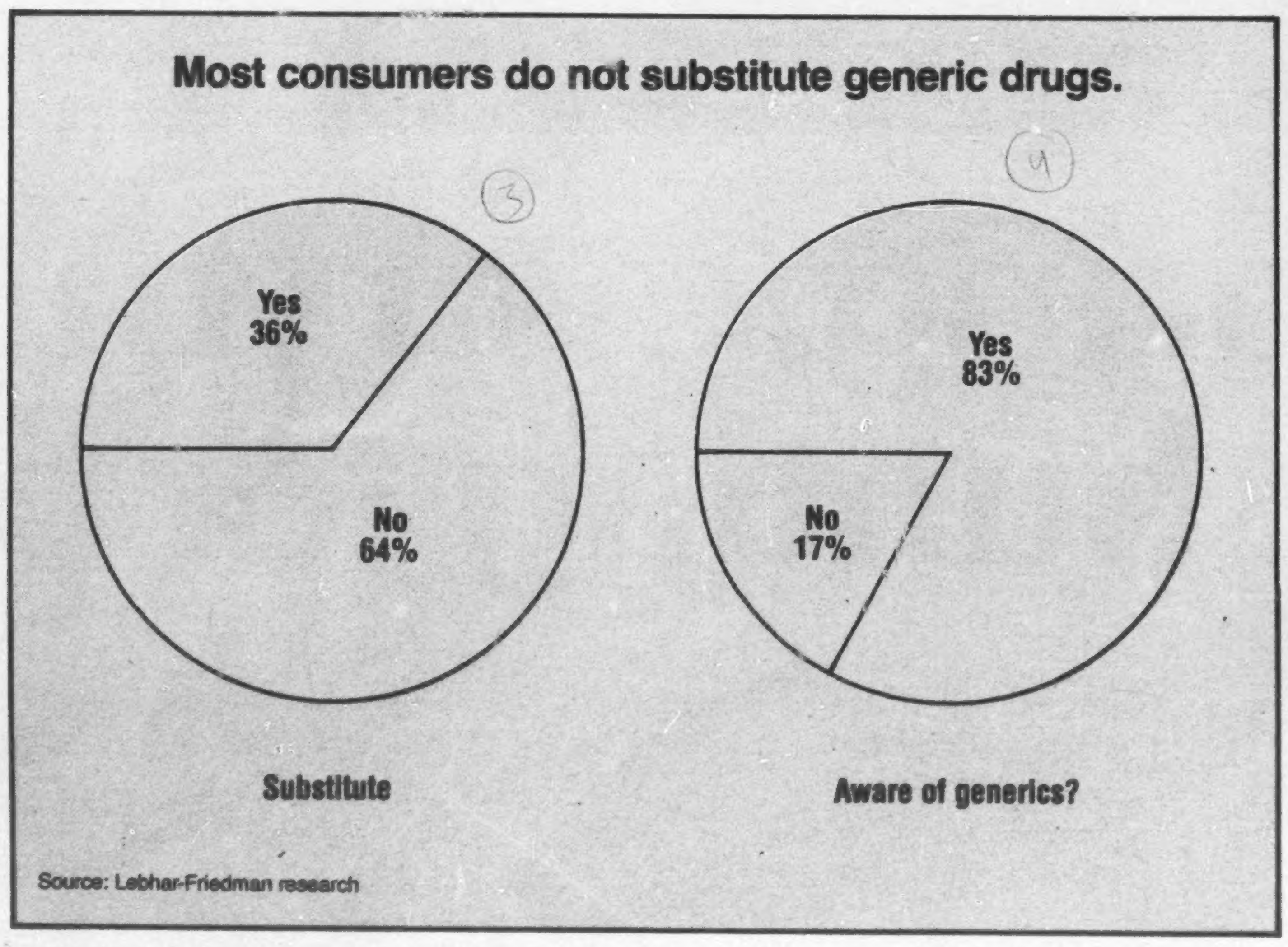
"I've shopped at this store for eight years because the location is convenient. The service is personalized—they know me here. The most important thing to me is courtesy."

SUPER DRUGS

"This store is only a mile from school and my house. So if I shop here, I need to make only one trip. I like the selection, and the good prices, except for film. I love to shop and I'm a compulsive buyer. Naturally, I look for good buys in newspapers, but I can't be bothered for 20¢."


There's never been a better time to shop

"I shopped this particular store because they have light bulbs on sale. I bought a garden hose at another store but I found one here for a lower price so I'm taking the other one back."



Most consumers do not substitute generic drugs.

③ ④

Source: Lebhar-Friedman research

Second Annual Consumer Study

Sports medicine emerges as winning category

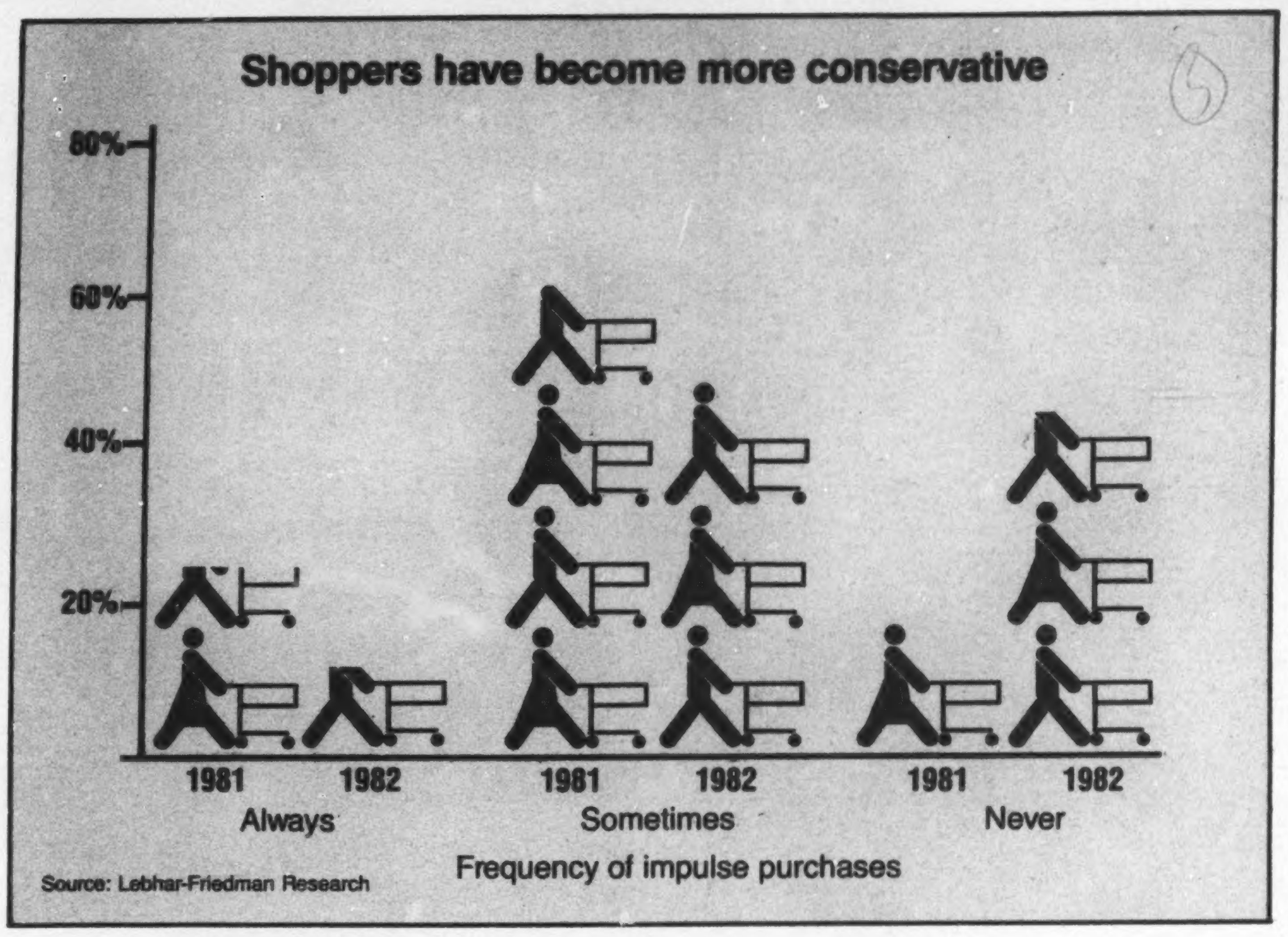
Continued from page 31

shoppers (63%) have nothing that they particularly dislike about their regular drug store. This percentage is approximately the same as last year.

The dislikes that drew the most mentions by consumers were slow service/long lines, which were cited by 8% of the respondents and high or variable prices, also cited by 8%.

Last year, high or variable prices were mentioned by 6% of the consumers and slow service/long lines by less than 1%.

A turnabout in consumer perceptions was also discerned in the number of mentions given to "pharmacist/salespeople not helpful/friendly." In 1981, 7% of the consumers cited this factor as a dislike about their regular store. This year the figure has dropped to 2%, perhaps the result of the difficult economic climate.



Source: Lebhar-Friedman Research

When consumers were read a list of 24 product categories and asked where they had made their last purchase in each, drug stores naturally dominated the prescription and OTC medication classifications. Ninety per cent of the respondents said they had last purchased a script in a drug store and 77% said their last purchase of an OTC drug was made in the same outlet. Those results varied little from last year.

Not surprisingly, a new category, sports medicine, scored well in the drug store column this year. Mentioned by 71% of the consumers as having last been purchased in a drug store, the category was third on the list behind scripts and OTCs.

Another new category in this year's questionnaire, convalescent aids, also did very well for drug stores. Thirty-two per cent of the consumers said their last purchase of what was called "hospital type items" like wheelchairs, walkers, canes, etc., had been made in a drug store. That placed the category 13th on the list. But if only those consumers who said that they buy or use such items is taken as the base, then 72% made their last purchase in a drug store and the category zooms to No. 4 on the list.

Other categories garnering 50% or more were vitamins (63%) and film and flash cubes (50%).

"I try to get the best quality for my dollar. If a store has a nice selection of a quality merchandise, I'll try it. I'm a smart shopper, I buy a Penny Saver and make a list of the sale items I want to buy. I know it sounds weird, but it really pays off."

In addition to the categories mentioned above, drug stores were the favored outlets for the following: toiletries, cosmetics and natural cosmetics, books or magazines, stationery, sunglasses and film processing.

Supermarkets dominated in three categories—tobacco, candy/gum, and paper products—and discount stores in six—automotive accessories, radios/TVs/stereos/tape recorders, housewares, hair dryers/curling irons, toys and cameras. In the last category, drug stores came in a surprisingly strong third behind discount stores and department stores.

In another part of the survey consumers were asked to recall the items that they had purchased on their last trip to a drug store. Leading the list of super categories were prescriptions, health and beauty aids and OTC medications.

On the regular category list the highest number of mentions were garnered by hair care, skin care, oral hygiene and pain relievers. Individual items cited most often were toothpaste/toothbrush, shampoo, deodorants and generic aspirins.

Speaking of generics, a surprising 17% of the sample said they were not even aware of the availability of generic substitutes for prescription drugs. Of those who said they were aware, only 36% said they had ever substituted a generic for a branded product.

Virtually all of the respondents said their regular drug stores carry nationally advertised products, while about two-thirds said their regular store sells generic or store-brand products. They also said that an average of 75% of their orders is devoted to national brand products. Among the smaller sample of consumers who indicated that their stores carry private label or generic products, 20% and 11%, respectively, of their orders are devoted to these products.

Shoppers who regularly shop a chain drug store generally have a higher percentage of their orders devoted to store brands than those who regularly shop independents, according to the study. The reverse is true for generic brands.

Consumers were asked whether they ever purchased drug store type items in any outlet other than a drug store. Thirty-five per cent said they did not. Of the remaining consumers, 46% said they had shopped for drug store items in a discount store, 35% mentioned food and drug combos and 29% supermarkets.

The overriding reason given for buying prescriptions in an outlet other than a drug store was convenience. Other reasons were that prices were less or that the consumer just happened to be there at the time.

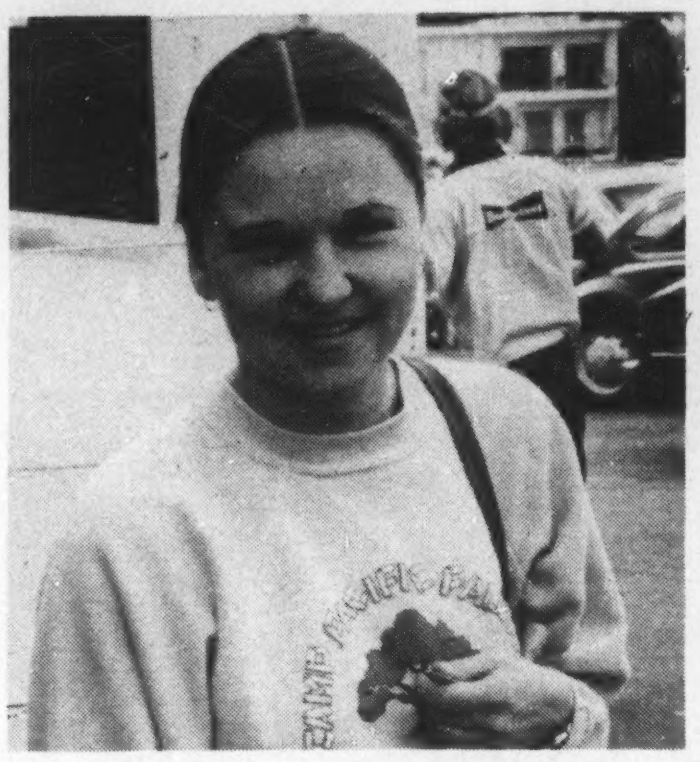
The most effective forms of advertising for drug stores are newspapers and circulars, according to the survey. Each newspaper ad and circular generates a sale about half of the time. Television-advertised items, in contrast, generate approximately 1.4 sales for every four exposures and radio generates 1.2 sales.

Where consumers made their last purchase in 24 categories

	(Numbers in percentage points)					
	Drug store	Dept. store	General merchandise	Supermarket	Discount	Hardware store
Toiletries	40	6	2	29	16	—
Cosmetics	41	12	2	5	13	—
Prescriptions	90	*	*	1	2	—
Over-the-counter-medication	77	1	1	7	7	—
Tobacco	16	*	*	20	5	—
Candy/gum	27	2	1	43	9	1
Automotive Accessories	7	8	8	2	18	6
Radio/TVs/stereos/taperecorders	4	18	13	*	19	2
Hospital type items	32	1	1	1	2	*
Books or magazines	34	4	2	17	9	*
Hardware	7	7	4	2	12	49
Housewares	9	22	9	7	29	6
Jewelry	7	21	8	*	8	—
Hair dryers/curling irons	16	18	9	1	26	1
Film and flash cubes	50	4	3	4	14	*
Cameras	13	15	7	*	17	*
Sports medicine	71	2	*	6	8	—
Natural cosmetics	39	7	1	3	10	—
Stationery	34	8	4	8	18	*
Toys	10	19	9	*	26	—
Vitamins	63	2	*	6	6	—
Sunglasses	37	11	2	1	12	*
Paper products	23	4	2	42	16	—
Film processing	45	3	2	3	8	*

*Less than .5%

Source: Lebhar-Friedman research



"I shop at this store because they accept my health care plan for prescriptions. The store just recently began that service so I will have my prescriptions filled here in the future."

"I like to shop here because it's convenient. With me, price is No. 1, but I like the quality of brand names. I clip coupons because I have a limited budget, and I almost never shop on impulse—I have to watch the amount I spend."

Second Annual Consumer Study

Well-stocked shelves sway stationery shoppers

The drug store stationery consumer tends to be young, can be swayed to buy on impulse and is buying more writing products than in the past.

Almost half of the respondents of the *Drug Store News* consumer poll said they always buy stationery in drug stores on impulse. And more than a third of those polled across the nation said they sometimes buy it on impulse.

This clearly indicates the need for retailers to stock a cross section of school products, boxed stationery, home/office supplies and writing instruments to attract the eye of the impulse shopper.

Almost half of those polled (44.2%) said they are buying more stationery products than in the past in drug stores. This is the result of highly competitive pricing by drug retailers during the back-to-school season and the expansion and development of home/office sections in drug stores. In recent years, increasing numbers of people who have offices in homes and even small business or professional offices are turning to drug stores to buy accounting paper, adding machine paper and filing systems.

Highly competitive pricing and the closing of many urban commercial stationery outlets has made drug stores the No. 1 choice for stationery purchasers, many of whom buy on impulse.

Of course, part of the reason for the development of home/office sections in drug stores has been the closing of hundreds of commercial stationery outlets. These operations, traditionally located in downtown locations and that rely on surrounding office trade, have been forced to close because of rapidly escalating rents.

Younger people are slightly greater purchasers of stationery. Almost 37% of those polled who buy stationery in a drug store were under 30 years old. An almost equal percentage of those polled were between 30 and 49 years old.

The drug store, over all other retailers, was the most frequently mentioned place of purchase for stationery supplies. More than one-third of the respondents (34.1%) said they made their last stationery purchase in a drug store. The second most frequent place of purchase was the discount store, according to 20% of those questioned.

According to the survey, the highest percentage of people who buy stationery in a drug store buy it in a suburban setting. Some 40% of the respondents who live in the suburbs said drug stores were their most recent place to buy stationery.

And by geographic region, 41% of those polled in Western States said they bought stationery in a drug store. In contrast, only 23.5% of those in the New England area said they bought stationery in a drug store.

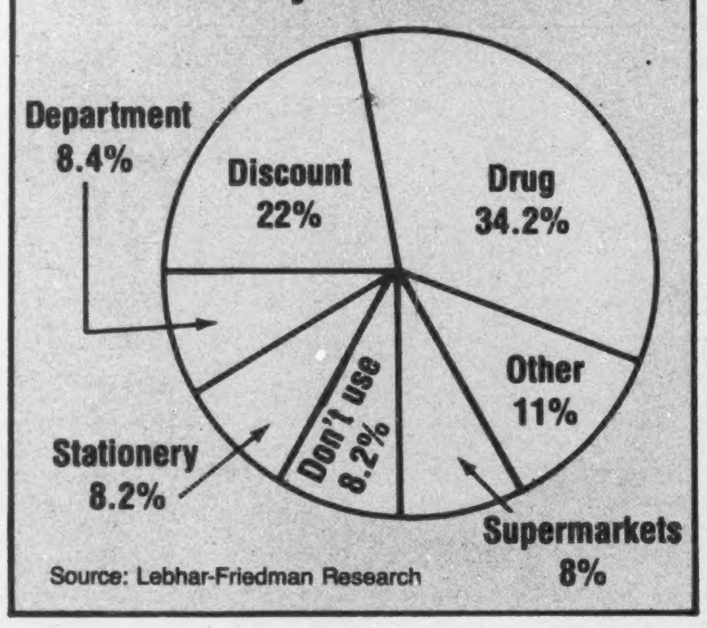
Young (under 30) suburbanites are the slightly largest category of stationery purchasers in drug stores.

The current stationery mix appeals to and fulfills the needs of a broad-cross section of the population. The drug store was listed as the most recent place of purchase of stationery by the greatest percentage of respondents regardless of income.

Of drug store shoppers earning under $15,000 a year in family income, 32.3% said they made their most recent stationery purchase in drug stores. At the high end, those earning $25,000 a year or more, 38.9% said they made their most recent stationery purchase in a drug store.

More people buy stationery in drug stores than any other outlet

6



Source: Lebhar-Friedman Research

Impulse purchases ignite drug store cigarette sales

The typical drug store tobacco consumer tends to have a higher family income, is under 30 years old and buys on impulse, according to *Drug Store News'* 2nd Annual Consumer Study.

In contrast, supermarket tobacco buyers tend to fall in the middle and older end of the age spectrum and are much less likely to buy impulsively.

In addition, the drug store tobacco purchaser is more likely to be male than female, where in supermarkets the proportion is more or less even, but with a slight edge for females.

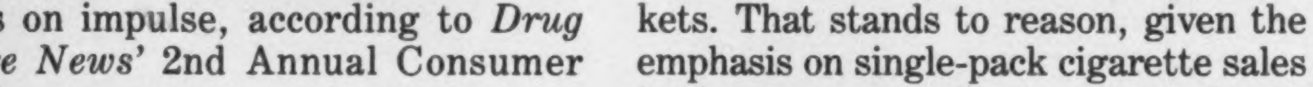
According to the study, the incidence of impulse buying is disproportionately high among consumers who make their tobacco purchases in drug stores, and disproportionately low among those who buy tobacco products in supermarkets. That stands to reason, given the emphasis on single-pack cigarette sales in drug stores and on carton sales in supermarkets.

The drug store tobacco consumer tends to have a higher family income. The greatest percentage of those who buy tobacco in drug stores have family incomes greater than $25,000 a year. In contrast, the greatest percentage of people who buy tobacco in a supermarket have family incomes between $15,000 and $24,999.

Food stores and drug stores were listed as the two primary places Americans make their tobacco purchases. According to those who use tobacco, 40% made their last purchase in a food store. The drug store is the favorite place of almost a third (31.3%) of those who buy tobacco.

Family income level of drug store and supermarket tobacco consumers

7



Source: Lebhar-Friedman research

Forty-nine per cent of the 500 survey respondents said they did not smoke cigarettes, cigars, pipes or use chewing tobaccos.

Tobacco users appear to be aware of the competitive pricing offered by the nation's drug chains. According to the survey, almost three times as many people who buy tobacco products in a drug store buy it from a chain store rather than an independent. This compares to the overall 2 to 1 ratio of chain to independent consumers.

National Brand CIGARS at

Three times as many people who buy tobacco products in a drug store will buy from a chain rather than an independent.

Although the survey suggests a higher proportion of drug store tobacco purchases are based on impulse, this may change in the coming months. As the price of cigarettes increases more and more purchases may be planned as consumers try to find the best value.

On Jan. 1, the Federal excise tax on a pack of cigarettes will double from 8¢ to 16¢. To avoid a mass defection of smokers, manufacturers have gradually increased prices to make the blow less noticeable to consumers. Despite graduated increases, some industry experts predict cigarette demand will fall between 3% and 5%.

According to the Tobacco Institute, the average price of a pack of cigarettes in October was 81.9¢, up from an average 63¢ in 1981 and 60¢ in 1980.

Some industry sources forecast the average price of a pack of cigarettes will top $1 by mid-1983 because of Federal, state and local tax hikes and other increases from manufacturers and distributors.

Consumers who buy tobacco in drug stores tend to buy on impulse, because drug stores are geared to single-pack sales.

Drug stores capture 63% of vitamin shoppers

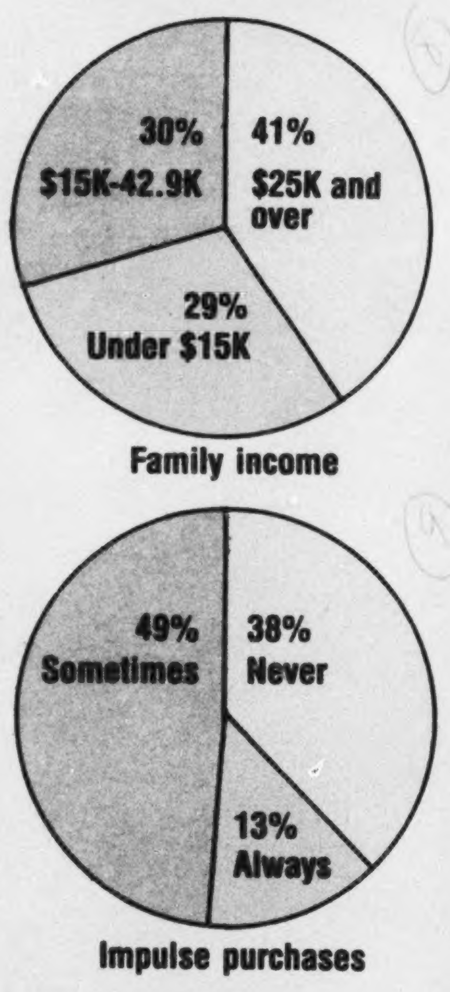
She feels a cold coming on. Going to the medicine cabinet, she discovers that the bottle of vitamin C is nearly empty. What does she do?

Well, being a "typical" vitamin shopper (female, married, a drug store patron, usually buying on impulse, spending more than $15 on a typical visit and shopping three or more times a month), she heads for a chain drug store. (Like many of her "typical" counterparts, distance from home is rarely a deciding factor as to where she shops).

Drug stores currently hold 63% of all vitamin shoppers responding to *Drug Store News'* survey (60% in 1981), while the nearest threat to this market dominance comes from supermarkets (5.8%), discounters (5.8%) and nutritional/health food stores (4.8%). Supermarket shoppers tend to be middle aged (30-49 years) and high earners (over $25K), while discount stores tend to attract middle-income, male vitamin users.

Drug stores have already captured the bulk of the middle-aged population (46%), but would do well to consider discount merchandising for the male consumer who seems to prefer discount stores.

Drug store vitamin buyers tend to be upscale, impulse shoppers



Source: Lebhar-Friedman Research

Nutritional/health food stores account for a mere 4.8% of the entire sample preference, but the customers who choose these stores tend to be in the over-$25K income bracket 2 to 1 over those earning less.

The study also shows that the middle-aged group provides the bulk of drug store vitamin buyers (143 compared to 74 in the under-30 group and 95 in the over-50's). But the proportion of vitamin buyers who choose drug stores in which to make their vitamin purchases is about equal (70+%) in each of the three age groups.

Interestingly, the largest percentage of consumers who say they never buy or use vitamins can be found in the 50-plus age group. Twenty-four per cent of this age category say they don't buy or use vitamins compared to 6.3% in the under-30 group and 7.6% in the 30-49 group.

Vitamin shoppers are also choosing drug stores more often than in the past. Twenty-three per cent said their shopping habits bring them to drug stores more often now than in previous years, compared to 17% who said they are shopping drug stores less often. Most vitamin buyers (57%) say they are shopping with the same frequency.

Although 13% of the surveyed consumers do not use vitamins at all, the remaining 87% support the retail nutritional supply market with sales approaching $2 billion in 1982.

One category from which drug stores might pick up some business is large family units. While 54% of the consumers who bought vitamins in drug stores were members of households of three or more, supermarkets got 79% of their shoppers from these "large" family units.

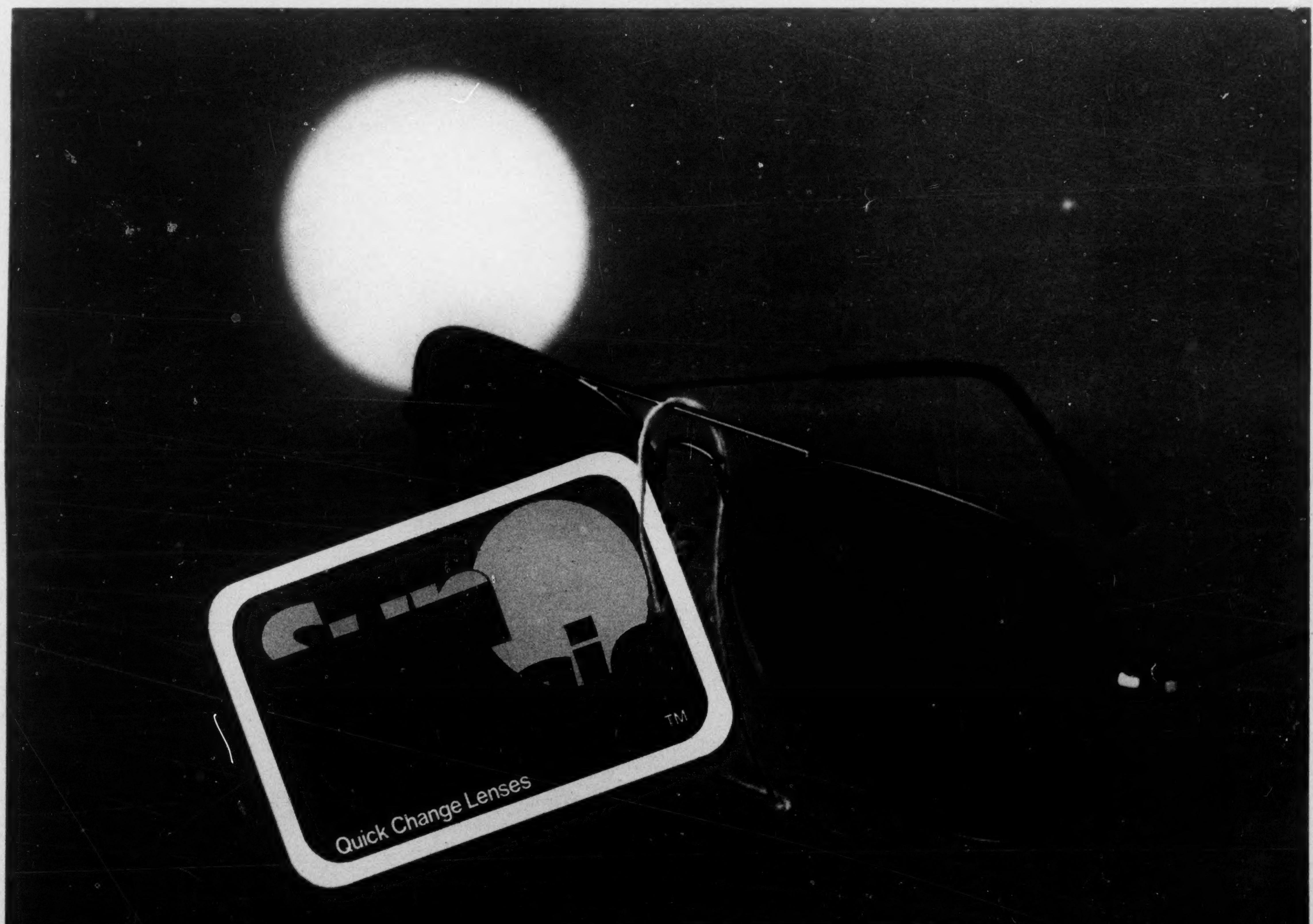
Though they represent a small group of vitamin consumers (2.0%), mail-order shoppers were most prevalent among males, under-30 year olds, and married consumers.

Though consumers now prefer to make vitamin purchases in drug stores over other outlets, drug chains continue to aggressively merchandise this category with large, attractive displays.

Profile of typical drug store vitamin shoppers

Category	%
Shop chain stores	65
Spend $15 or more	48
Female	54
30-49 years old	46
Married	68
Shop 3 or more times a month	54

Source: Lebhar-Friedman Research



THE NEWEST LENSES UNDER THE SUN.

New SunMagic™ quick change lenses will star in next season's best-looking sunglasses.

SunMagic™ lenses change faster than any other photochromic material available. They get darker quicker and return to the light shade faster than anything you have ever known in lenses that change.

To top it all off, SunMagic™ lenses are precision ground and polished to the strictest optical standards.

The newest lenses under the sun are manufactured in the United States by SCHOTT OPTICAL GLASS INC. and you'll find them in the finest, most fashionable, best-selling sunglasses.

SCHOTT
SCHOTT
OPTICAL GLASS INC.
400 York Ave. Duryea, Pennsylvania 18642
(717) 457-7485 TWX 510-671-4535

Schott — *The world's most famous name in precision glass.*

Second Annual Consumer Study

Key characteristics of natural cosmetics shopper:

- Buys these products primarily in chain drug stores
- Well-to-do, falling into $25,000 and over income range
- Most are in the 30- to 49-year-old age bracket
- Will travel distance for natural products
- Spends a great deal on natural products

Source: *Drug Store News*

The natural cosmetics shopper is big spender

She never used to wear makeup because the ingredients irritated her skin. Recently, while buying natural vitamins at her local drug store she saw a line of natural cosmetics and she now is a devout natural cosmetics consumer.

This is a typical example of a new breed of cosmetics shopper—those preferring natural brands—and suddenly the drug store has become an ideal outlet for these goods.

The typical natural products shopper is part of a high-spending group and usually spends more than $15 on a trip to the drug store.

Part of that shopping list may include natural cosmetics. In fact, drug stores are the favored outlet for natural cosmetics, according to consumer research conducted by *Drug Store News*. Almost 39% of the women who buy natural cosmetics made their last purchase in a drug store. This compares to only 0.6% who visit a health food store for the products.

Chains have been the first to commit totally to natural cosmetics and therefore are capturing more of the shoppers. Seventy-five per cent of the natural cosmetics customers shop chains rather than an independent drug store, compared to two-thirds for the sample as a whole.

Natural cosmetics drug store shoppers are likely to be well off financially. In fact, many chains feel a nutrition center does best in affluent areas. *Drug Store News'* research found that 41% of natural cosmetics shoppers have a family income of $25,000 or more.

The drug store shopper most interested in natural goods falls in the middle-age bracket, with 43% being 30 to 49, 31% over 50 and 25% under 30.

Consumers who buy natural cosmetics in drug stores are also more likely to be impulse shoppers. Almost two-thirds of them said they "always" or "sometimes" buy on impulse in a drug store.

Research from the survey suggests that natural cosmetics is a growing area that is still relatively untapped. However, there is a significant group of financially stable, free-spending shoppers seeking these products.

Cosmetics consumer seeks appealing image

Today's cosmetics shopper—she is upscale, most likely a working woman and devotes a significant part of her income to luxury items, especially cosmetics.

Drug Store News' national consumer study shows that today's typical cosmetics shopper seeks an outlet that appeals to her image. She wants an attractive location that is well-stocked and convenient.

Drug stores appear to be filling this need, according to the survey. Drug stores garnered a 40.6% share of cosmetics consumers, while supermarkets had only 5.4% and department stores 12.4%.

Cosmetics shoppers in drug stores tend to be higher income earners. For example, 37.4% make more than $25,000 a year in total family income, compared to 22% earning in the $15,000 to $24,000 bracket and 29% less than $15,000.

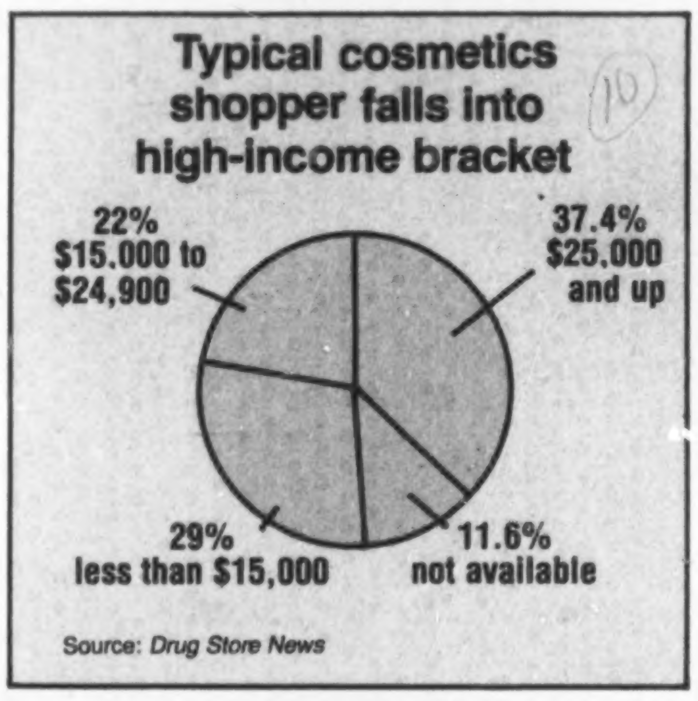
The cosmetics consumer also tends to be impulsive. Almost two-thirds of cosmetics shoppers "always" or "sometimes" buy on impulse.

Total amounts spent by the typical drug store cosmetics shopper are high, too. About half of the cosmetics shoppers spend more than $15 per trip to the drug store. And, these shoppers make frequent visits. A significant 59% visit the drug store between three or more times per month.

Drug store cosmetics shoppers have not cut back on their shopping trips this year. In fact, a greater number are shopping more frequently this year (26%) than are shopping less frequently (15%).

The aging of America portends well for drug stores and the cosmetics business. The data shows that women over 50 not only use more makeup, but also prefer drug stores over other outlets.

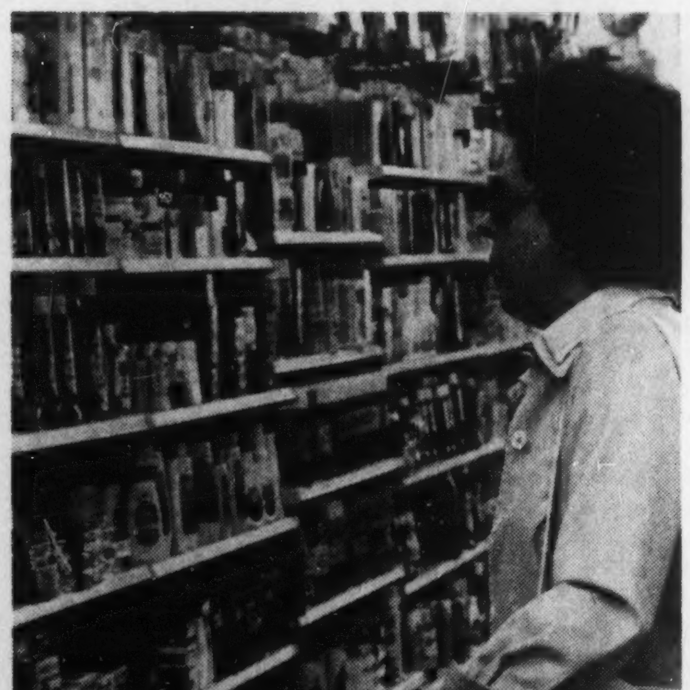
Finally, it is evident that women have come to enjoy the convenience afforded by the chain drug store. More than two times as many shoppers pick chains over independents, according to the survey.


Typical cosmetics shopper falls into high-income bracket

Source: *Drug Store News*

Today's cosmetics buyer purchases on impulse—and often—in drug stores. Location and convenience are two time-saving factors that put drug stores in the No. 1 position.

Drug stores maintain toiletries market share


Toiletries and health and beauty aids are often the magnet that draws a consumer into a drug store. When shopping for specific items, a consumer will often spot items he or she needs and buy them on impulse.

Drug stores have not lost any market share in the lucrative toiletries category, according to a comparison between last year's *Drug Store News* consumer study and the current edition.

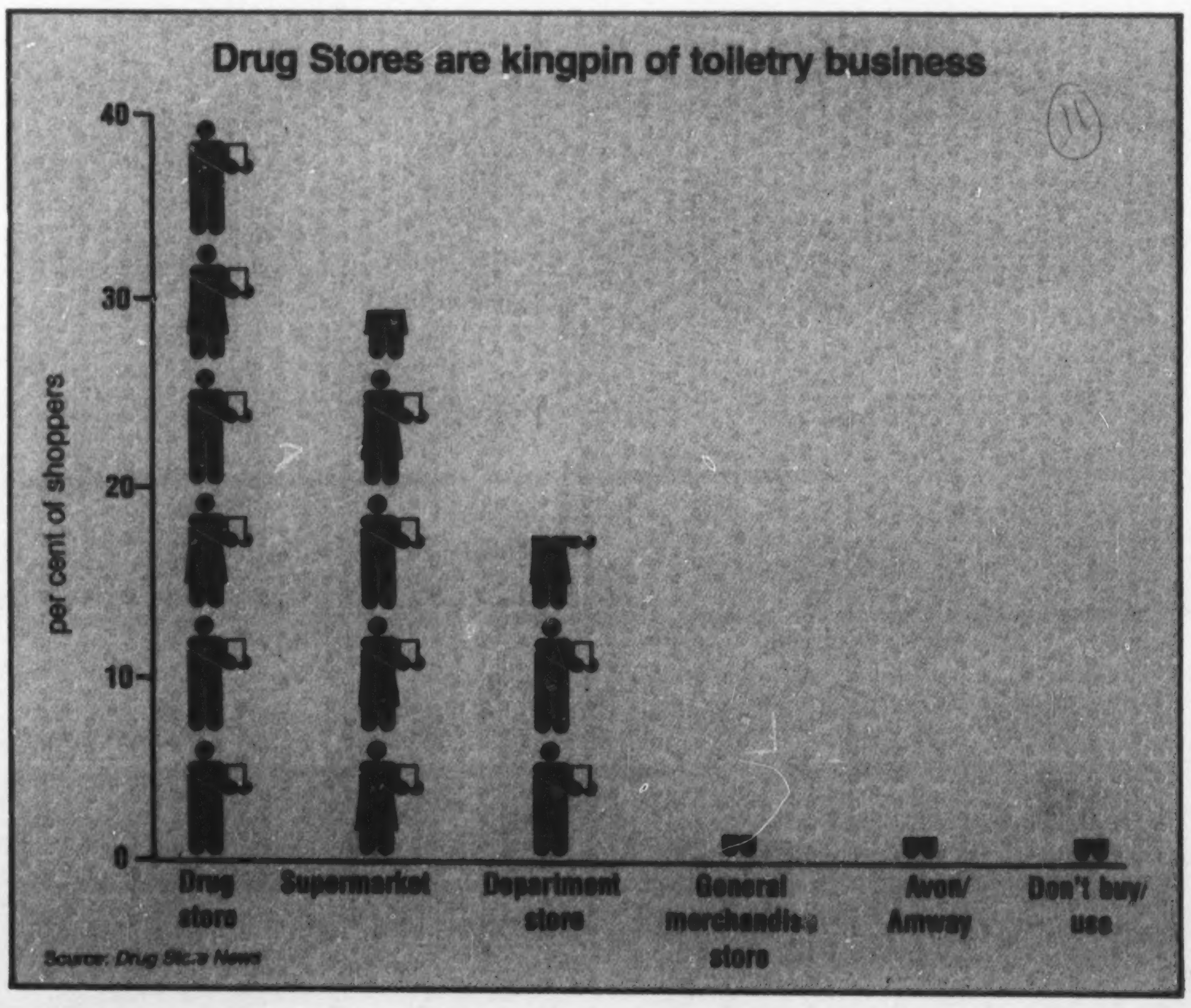
Despite heavy promotions by discounters, supermarkets and general merchandisers, drug stores maintained their lead in the category. Drug stores were the outlet where toiletries were last purchased by 40% of the audience, compared to 39% in last year's study.

This year, supermarkets were selected by 29% of the shoppers, compared to 35% last year. Discounters picked up some of this; last year discounters had an 11% share, while this year they climbed to 15.6%. General merchandisers held steady, earning about a 2% share in both periods.

Indeed, toiletries is a category that brings shoppers into the drug store. And the shopper attracted by these items is in a comfortable purchasing position. The majority—38%—spend more than $15 per trip.

Most important in this category is the large percentage of drug store toiletries shoppers who buy on impulse. The percentage of impulse buyers among this group is much higher than among other segments of the sample. For example, less than 10% of those choosing other outlets always buy on impulse while close to 15% of the drug store toiletries shoppers always do.

Finally, toiletry shoppers frequent the drug store at a rate higher than other outlets. While 15% of the total shoppers questioned shop five or more times per month in their favorite outlet, 21.5% of drug store toiletry shoppers go to the drug store five or more times.


Drug Stores are kingpin of toiletry business

Source: *Drug Store News*

Second Annual Consumer Study

Housewares shoppers visit drug stores more frequently

Most consumers who buy housewares in drug stores are high-impulse shoppers who are visiting drug stores more frequently than in the past.

More than 80% of these housewares consumers say they sometimes or always buy on impulse, a much higher percentage than the profile of the average drug store shopper.

In addition, 70% of these consumers visit drug stores at least three times a month and more than half of them visit drug stores five or more times a month.

Although drug stores in recent years have made significant inroads in broadening their merchandise mix, respondents indicated drug stores ranked third as a place of purchase for housewares behind the discount and department store. Only 9.4% of those queried said they made their most recent housewares purchase in a drug store.

In contrast, 28.6% of those polled made their most recent purchase in a discount store and 21.6% of the respondents made it in a department store.

Just under 10% of the men and women questioned said they made their housewares purchase at a national mass merchandising chain such as Sears, Wards or Penney's.

But the drug store share of houseware sales will continue to grow as stores increase their assortment of household products. Over the last 16 years, according to the National Housewares Manufacturers Association in Chicago, houseware producer shipments to drug stores have been growing steadily. According to the trade group, 6% of manufacturer's dollar sales are being made to drug retailers.

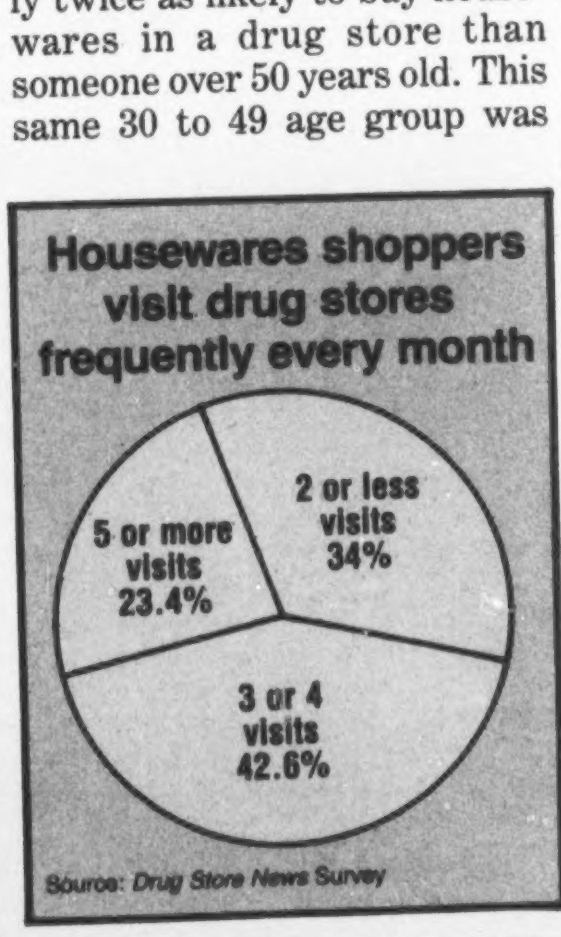
There were some findings from the survey that will help housewares buyers identify their customer. People between the ages of 30 and 49 were nearly twice as likely to buy housewares in a drug store than someone over 50 years old. This same 30 to 49 age group was also 20% more likely to buy housewares in a drug store than a person under 30 years old.

Drug store housewares buyers can benefit by examining the consumer profile that shops in a discount store. Married people were more likely to buy housewares in a discount store than single people by a 3 to 2 ratio. More than 30% of the married people surveyed said they made their last housewares purchase in a discount store as opposed to 21.4% of the single people.

The discount store is a favorite of widowed, divorced and separated people. In this group, nearly twice as many men and women bought housewares products in a discount store as in a drug store.

According to the survey, suburbanites are more likely to buy housewares in a drug store than residents of other areas. Of those who made their last housewares purchase in a drug store, more than 11% made it in a suburban store. Whereas, 7.1% of the rural residents and 7.8% of the urban respondents made their last housewares purchase in a drug store. However, for suburbanites as a group, drug stores were still the third choice of purchase.

In recent years, drug stores have made significant strides in developing their housewares sections to enable the consumer to do one stop shopping.



Housewares shoppers visit drug stores frequently every month

Source: *Drug Store News* Survey

PAZ EN LA TIERRA
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

NEW
high-styled
LUNCH BAG
with Aladdin's
matching
pint food thermos
For Thrifty Healthful
Lunches on the Job
FREE Food Fitness & Fashion Booklet
Aladdin
Aladdin

47 million women

new!
the 9 to 5™ lunch bag and food thermos for today's working women

Over 60% of women 18 to 45 are in today's labor force. Millions of them carry their lunch—to save money, and to keep fit. Aladdin's 9 to 5 Lunch Bag and matching pint size wide mouth thermos gets it all together for them: Food, Fitness and Fashion.

4 styles, 3 colors

Roomy, designer-styled bags with Velcro or zipper closures have been thoroughly field tested for style and colors. They reflect the taste and vitality of today's working woman. Carries a lunch and then some. Special color-coordinated pint wide-mouth bottles match the bags.

shopper-stopper merchandiser

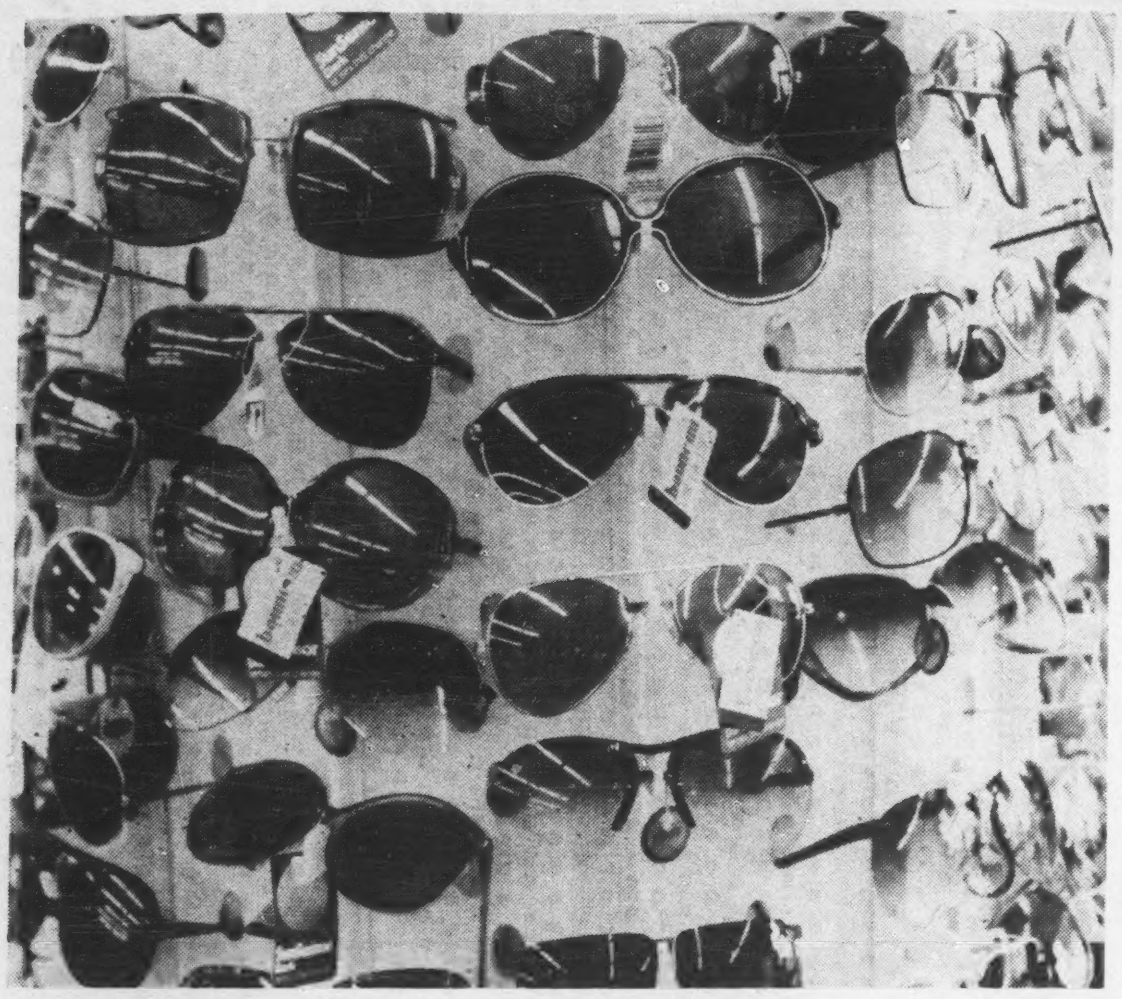
Unique, dimensional floor merchandiser carries through the 9 to 5 Food, Fitness and Fashion theme. Displays two dozen assorted bags and bottles in minimum space.

plus! free food, fitness & fashion booklet

An added sales incentive—a coupon for free booklet with every 9 to 5 Bag.

© 1982 Nine to Five. All Rights Reserved
9 to 5™ TM Designates a Trademark of 20th Century Fox.

Sunglass consumers go for fashion at reasonable prices



Modern lighted spinner racks in chain and independent drug stores offer drug store consumers a good selection of merchandise at a reasonable price.

The typical consumer of drug store sunglasses has a relatively high family income, appreciates the latest fashions, but wants them at reasonable prices.

More than half of the respondents who bought sunglasses in drug stores had family incomes in excess of $25,000 a year.

And these youthful drug store consumers recognize what is in vogue. Most of those who bought sunglasses in drug stores were under 49 years old, people who are most conscious of the latest looks.

These shoppers are also impulsive. Successful retailers keep a full assortment of sunglasses on spinner racks or counter top displays so the shopper can select the best frame that suits his or her face. The new attractive lighted displays from a number of manufacturers aids the retailer in luring shoppers to try on the latest styles.

Almost half (46%) of the respondents in the *Drug Store News* consumer poll who wear sunglasses said they bought their last pair in a drug store.

The retail drug industry's high market share of category sales is particularly encouraging because when the final tally is in for 1982, total sunglass industry unit and dollar sales are projected to decline from the previous year.

The main retail competitor to drug stores in sunglass sales is the discount store where 15.3% of the respondents who wear sunglasses made their purchases. Nevertheless, three times as many of those polled who wear sunglasses bought them in a drug store rather than a discount store.

Only 13.5% of the sunglass wearers said they bought them from a department store and 8.7% said they got them through an optician or optometrist.

According to the annual nationwide survey, vision and eyeglass centers were not significant as only 3% of those who use sunglasses bought them from these outlets. Approximately, one fifth of the 500 men and women polled said they do not wear sunglasses.

In some geographic areas sunglass purchases in drug stores were greater than in other regions. More than half of the respondents in the New England and South Atlantic states said they bought their sunglasses in a drug store.

"I buy my sunglasses in a drug store because the styles are just as modern as in a department store, but the price is generally $5 to $10 less."

New York consumer

Surprisingly, the survey revealed that men were slightly more likely (18.5%) to buy sunglasses in a drug store than women. Those polled also indicated they were more likely to buy sunglasses in a surburban drug store than in an urban or rural outlet.

All in all, drug store ability to offer medium-priced sunglasses will insure continued sales as consumer's disposable income remains low. According to a number of drug store buyers, the average sunglass sale falls in the $8 to $10 range.

need it!

& we're telling them so 120 million times!

500 sunday newspapers

Aladdin will feature the 9 to 5 Bag with food thermos in big, full color ads in the two biggest Sunday newspaper supplements: Parade and Family Weekly! Coast to coast coverage in the best read section of 500 Sunday newspapers — a stack over 20 feet high!

plus 10 magazines

Full color ads in the magazines read by millions of working women:

True Story
Cosmopolitan
Secrets
True Confessions

The Washington Post

new products for new lifestyles from Aladdin®

Aladdin Industries, Inc., P.O. Box 100255, 703 Murfreesboro Road, Nashville, TN 37210

PEACE ON EARTH

HERPECIN-L®

Cold Sore Lip Balm. *"It Works!"*

Write: CAMPBELL LABORATORIES, INC.
P.O. Box 312-A, FDR, NY, NY 10150

Reduces Marking Costs: Eliminates Hidden Expenses

The Monarch 1170 Labeler

The Monarch 1170 Labeling System eliminates the hidden expenses of most systems and has a lower applied cost: Ink rollers are packed in each box of labels at no additional cost. The single-impression printhead eliminates the average 8% label waste found in stage printers. A two-year written warranty allows you to avoid all service costs.

The cost-efficient Monarch 1170 Labeling System reduces hard marking costs — savings you can count on. For an illustrated Performance/Application Brief, or to see a Monarch Representative, write Monarch Marking, Dept. #940, P.O. Box #608, Dayton, Ohio.

CALL TOLL-FREE:
800-543-6650
In Ohio, call 800-762-6600.
Phones open 7 A.M. 'til Midnight,
Eastern Time, Monday through Friday.

Monarch Marking
A Pitney Bowes Company

© 1982 Monarch Marking Systems, Inc. All rights reserved.

Second Annual Consumer Study

Drug stores still get lion's part of prescription traffic

Despite encroachments by supermarkets and discounters on drug stores' pharmacy turf, shoppers in general continue to view drug stores as the cornerstone of the Rx business.

Of the 500 shoppers interviewed in *Drug Store News*' 2nd Annual Consumer Study, 97% said they had purchased prescriptions in a drug store in the past, and 90% said they had bought their most recent script there.

Most shoppers making frequent monthly store visits, purchase scripts in drug stores

		Shopping frequency per month		
	Total	2 or less	3 to 4	5 or more
Purchased last script in:	100.0%	100.0%	100.0%	100.0%
(base)	(500)	(236)	(166)	(73)
drug stores	90.2	87.5	94.0	90.7
discount stores	1.8	1.6	0.6	5.3
supermarkets	1.4	1.2	1.2	1.3
all others/don't know/ no answer	6.6	9.7	4.2	2.7

Source: Lebhar-Friedman research

Asked if they had ever purchased a script outside of a drug store, 19.8% of the respondents mentioned discount stores and 14.8% said supermarkets.

Why had they chosen these outlets? Fifty-one per cent said it was because they were convenient, 29% said they were less expensive and 16% noted that they just happened to be in the outlet at the time.

The survey showed that demographics play a key role in determining where consumers pick up their scripts. For example, people who "only buy in drug stores" are more apt to be 50 and over; single, widowed or divorced; those with a single drug store shopper in the household; those who live in New England or mid-Atlantic states, and those who require maintenance drugs.

Furthermore, 42% of these consumers have family incomes of $25,000 or more a year and 24% earn between $15,000 and $24,999. However, families with incomes under $15,000 shop in drug stores for their scripts in disproportionately high numbers.

The profile of a typical prescription buyer in a supermarket or discount store has these characteristics: a family income between $15,000 and $24,900 per year, under 50 years of age and married. In addition, the highest percentage of consumers who shop for scripts in supermarkets live in Western states, while discount store prescription shoppers tended to cluster in the South Central states.

When the entire sample was presented with a list of factors that figure in the choice of a favorite drug store, 81.4% rated "trust in pharmacist" as extremely or very important, the second highest on the list next to "quality of merchandise carried."

This opinion registered high across all demographic lines, except for those under 30. Only 70.3% of that age group rated "trust in pharmacist" as extremely or very important.

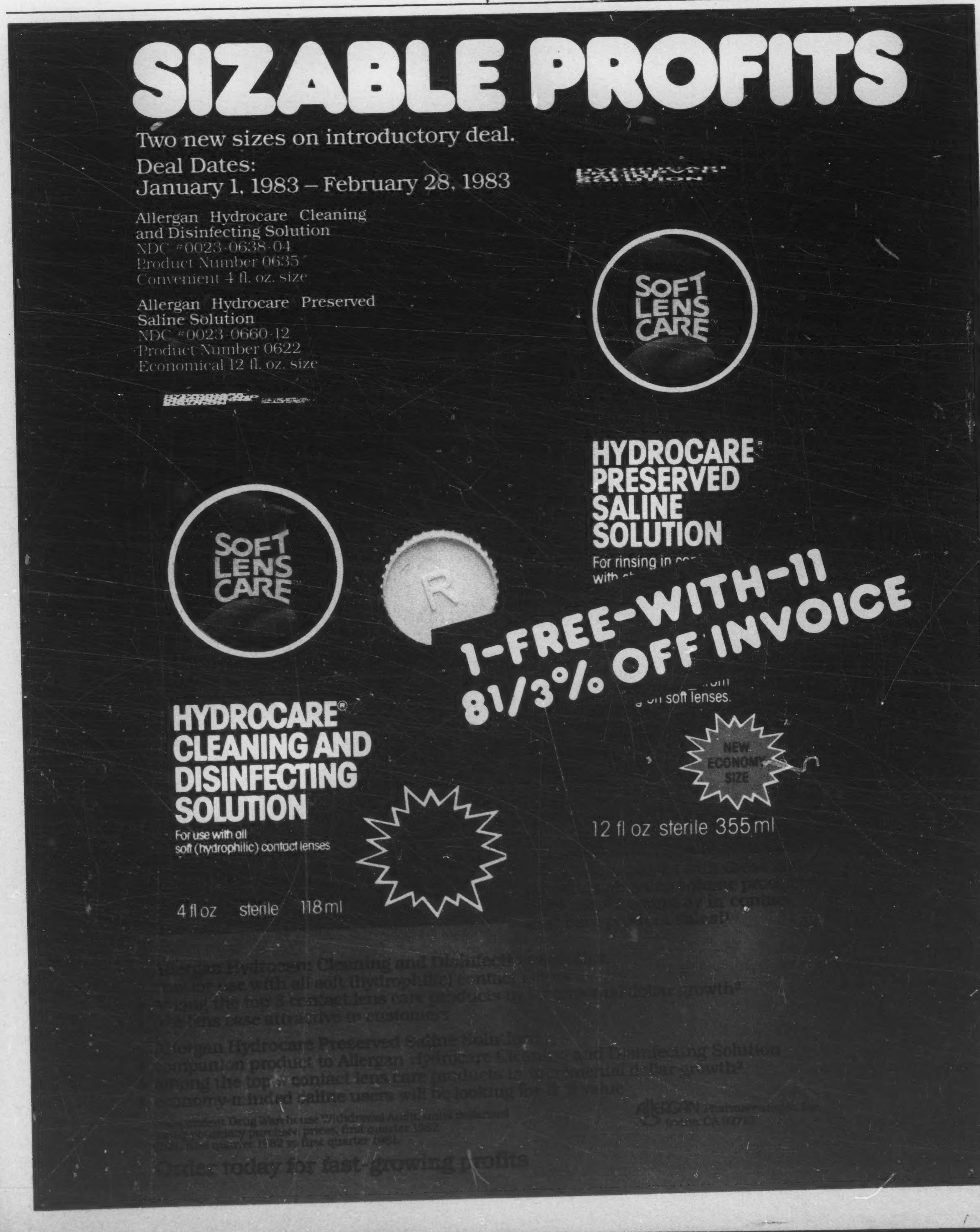
Availability of generic drugs was the factor least often rated extremely or very important to consumers. Only 38% of all respondents gave it a high rating.

Surprisingly, 17% of the consumers said they were not even aware of the availability of generic drugs as substitutes.

The profile of a consumer willing to accept a generic substitute includes the following characteristics: 30-49 years old, earns over $25,000 a year, resides in a household of three or more drug store shoppers, belongs to a maintenance medication plan and shops three or more stores.

Consumers who shop for scripts in chain drug stores are just as likely to substitute (37.2%) as independent shoppers (35.7%).

Those least likely to substitute shop five or more times a month in a drug store.


SIZABLE PROFITS

Two new sizes on introductory deal.

Deal Dates:
January 1, 1983 – February 28, 1983

Allergan Hydrocare Cleaning and Disinfecting Solution
NDC #0023-0638-04
Product Number 0635
Convenient 4 fl. oz. size

Allergan Hydrocare Preserved Saline Solution
NDC #0023-0660-12
Product Number 0622
Economical 12 fl. oz. size

Allergan Hydrocare Cleaning and Disinfecting [illegible] for use with all soft (hydrophilic) contact [illegible] dollar growth[1] among the top 5 contact lens care products [illegible] lens case attractive to customers.

Allergan Hydrocare Preserved Saline Solution [illegible] companion product to Allergan Hydrocare Cleaning and Disinfecting Solution [illegible] incremental dollar growth[2] among the top [illegible] contact lens care products [illegible] economy-minded saline users will be looking for [illegible] value.

[illegible]

Order today for fast-growing profits

ALLERGAN Pharmaceuticals, Inc.
Irvine, CA 92713

Notice to all retailers

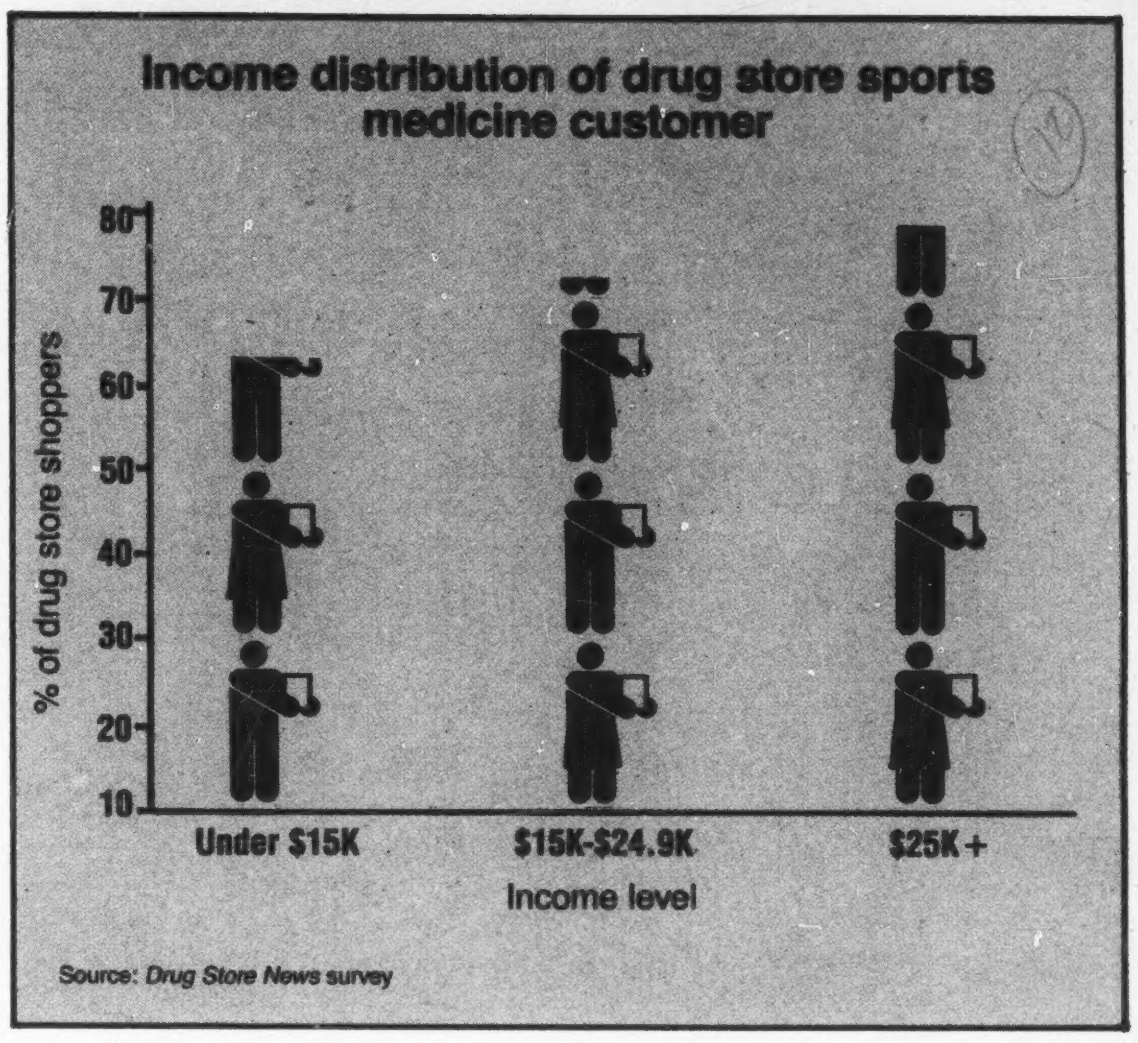
Periodically, Mobil Chemical Company's Plastic Division Consumer Department offers promotional discounts and/or special allowances for displaying, advertising and promoting its Hefty® line of products.

For details send your Name, Address & Telephone Number to your local Mobil Chemical sales representative or write to: Mobil Chemical Company, Plastics Division, Consumer Department, Sales Promotion Group, Macedon, N.Y. 14502.

Mobil Chemical Company
Division of Mobil Oil Corporation
Consumer Department, Macedon, N.Y. 14502

Second Annual Consumer Study

Younger consumers support market for sports medicine



Source: *Drug Store News* survey

While the sports medicine category encompasses all age groups, *Drug Store News'* consumer survey showed that persons under 30 are most likely to use the products. Nearly 80% of the under-30 age group said they had made their last sports medicine purchase in drug stores, compared to 73% in the 30-49 age group and 64% in the over-50 age group. According to the survey, middle-aged shoppers (aged 30-49) are twice as likely to buy sports medicine products from a nondrug store retailer than are members of the two other age groups.

Single persons, the survey showed, are slightly more likely to use sports medicine products than are persons who are married, divorced, separated or widowed. Results also showed that consumers in rural areas were the least likely to use sports medicine products.

The survey showed that sex is not a factor in where consumers decide to buy sports medicine products. Roughly 71% of both the men and women interviewed said they had last purchased a sports medicine product in a drug store. Not surprising were survey results showing that the need for and use of sports medicine products increases as family incomes go up.

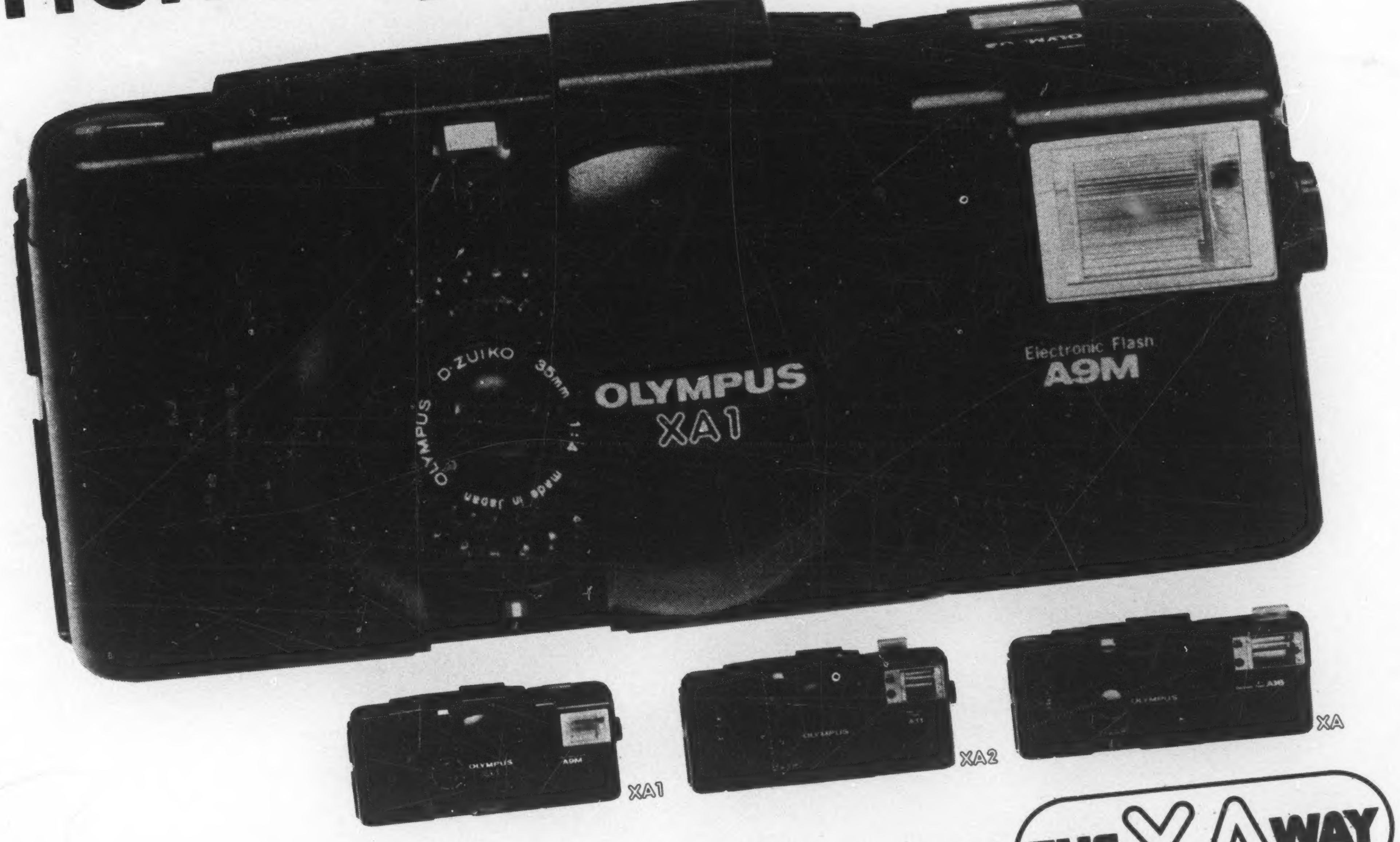
For instance, 64% of those surveyed with total family incomes under $15,000 made their last sports medicine purchase in a drug store, while 72% of those with incomes of $15,000 to $24,900 and 78% of those with incomes exceeding $25, 000 said they had made their last sports medicine purchase in a drug store. Of the three income groups surveyed, those in the under $15,000 category were the least likely to buy or use sports medicine products.

Overall, the survey showed that when consumers need a special ointment, bandage, brace or support to help heal a sports or work-related injury, they think first of buying it in a drug store.

In fact, of the 500 consumers surveyed nationwide, two of every three persons needing sports medicine products will buy them at a drug store. Seventy-one per cent said they had made their last purchase of a sports medicine product in a drug store. Discount stores (7.6%) and supermarkets (6%) lagged far behind as the next most likely place to purchase sports medicine products. A slightly larger percentage of persons in New England states said they had last purchased a sports medicine product in a supermarket, while in South Central states, a greater frequency of sports medicine purchases in discount stores was noted.

FRIEDE AUF ERDEN
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

More profit opportunities. From Olympus.



Now more than ever. THE XA WAY

We've just added a fresh dimension to the newest shape in 35mm photography. **The XA1.**

Designed for the picture-taker who wants the ultimate in setting-free simplicity and the assurance of Olympus quality. Plus the sheer pleasure of sporting the most dashing camera on the scene. Priced to fit the tightest pocket and purse. And supplied complete with detachable A9M Flash.

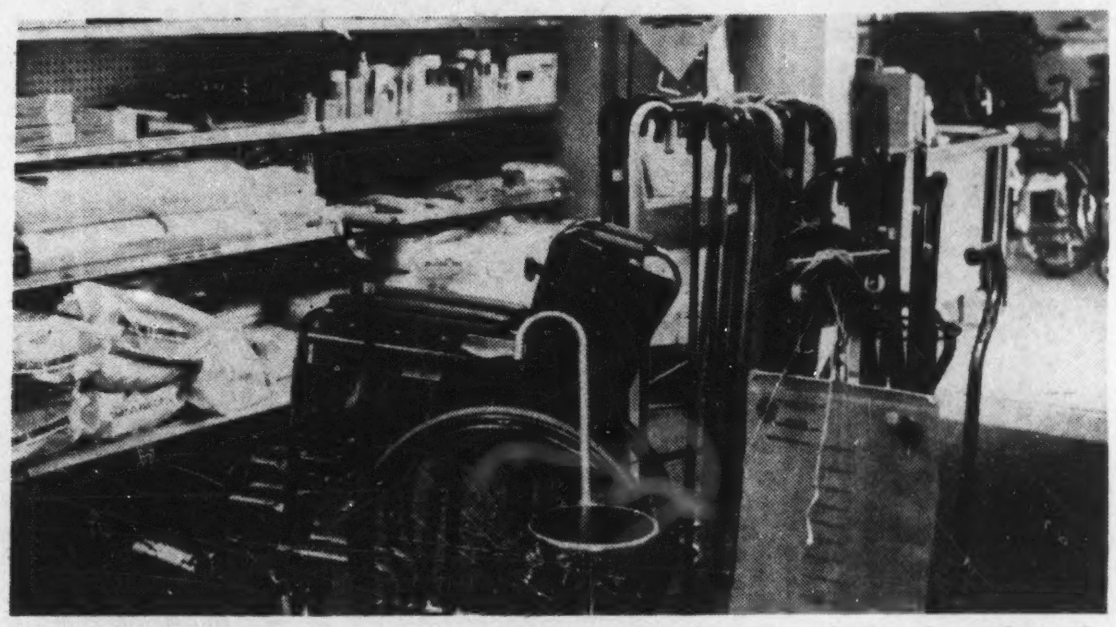
This solar-powered beauty is the latest member of the industry's most talked about family. All smaller, lighter, simpler, designer-conceived 35mm pocket cameras.

There's now an XA model for **everyone** who takes pictures. **That's The XA Way.** *For details, contact your Olympus Sales Representative. Call toll-free 800-631-7777 (in NJ, 800-522-4159.) Any day, any time.*

OLYMPUS®

Know your XA models	XA1	XA2	XA
LENS	35mm F4 (4 element) Rare Earth Glass	35mm F3.5 (4 element) Rare Earth Glass	35mm F2.8 (6 element) Rare Earth Glass
FOCUSING SYSTEM	Fixed Focus	Automatic Focus Free™ setting (with auto return close-up and distant settings)	Split image type coupled Rangefinder (with point and shoot settings)
EXPOSURE SYSTEM	Programmed Automatic Exposure	Extended Range Programmed Automatic Exposure	Extended Range Aperture; Preferred Automatic Exposure
SHUTTER	Mechanically Programmed between the lens shutter (1/250 sec and 1/30 sec)	Electronically Programmed between the lens shutter (1/750 sec to 2 sec)	Electronic (continuously variable) between the lens shutter (1/500 sec to over 10 sec)
APERTURE	Mechanically Programmed aperture selection (F4 to F22)	Electronically Programmed aperture selection (F3.5 to F14)	Photographer selected aperture (F2.8 to F22)
VIEWFINDER	Flash needed indicator	Flash needed indicator; Flash "in use" indicator	Coupled Rangefinder focusing area; Needle indicates shutter speeds from 1/500 sec to 1 sec; overexposure indicator; Parallax correction indicators
LENS/FINDER PROTECTION	Sliding Dust Barrier™	Sliding Dust Barrier™	Sliding Dust Barrier™
ELECTRONIC FLASH	Detachable A9M Flash Unit included.	Available with economical A-11 or new high power A-16 Flash Units which automatically adjust flash output according to distance.	Available with economical A-11 or new high power A-16 Flash Units which automatically adjust flash output according to distance.
EXPOSURE METER POWER SOURCE	Solar Power	Two inexpensive long lasting batteries	Two inexpensive long lasting batteries
SHUTTER RELEASE	Mechanical push button	Super smooth "feather touch" electromagnetic shutter button	Super smooth "feather touch" electromagnetic shutter button
SELF TIMER	None	Electronic Self Timer with 12 second delay	Electronic Self Timer with 12 second delay
FILM SPEED RANGE	ASA 100 or ASA 400	ASA 25 through ASA 800	ASA 25 through ASA 800

Convalescent aids: Users are elderly, buyers young



Three out of every four convalescent aids shoppers interviewed made their last purchase at a drug store.

Contrary to popular belief, buyers of convalescent aids and durable medical equipment are not always elderly. In fact, *Drug Store News'* nationwide survey showed that an overwhelming majority of these shoppers (159 of 220) are in the under-50 age group.

Survey results suggest that convalescent aids shoppers, more often than not, may be younger relatives or friends of persons who are old, ill or bedridden.

The telephone survey of 500 homes showed that convalescent aids and home health care items are nearly synonymous with drug stores.

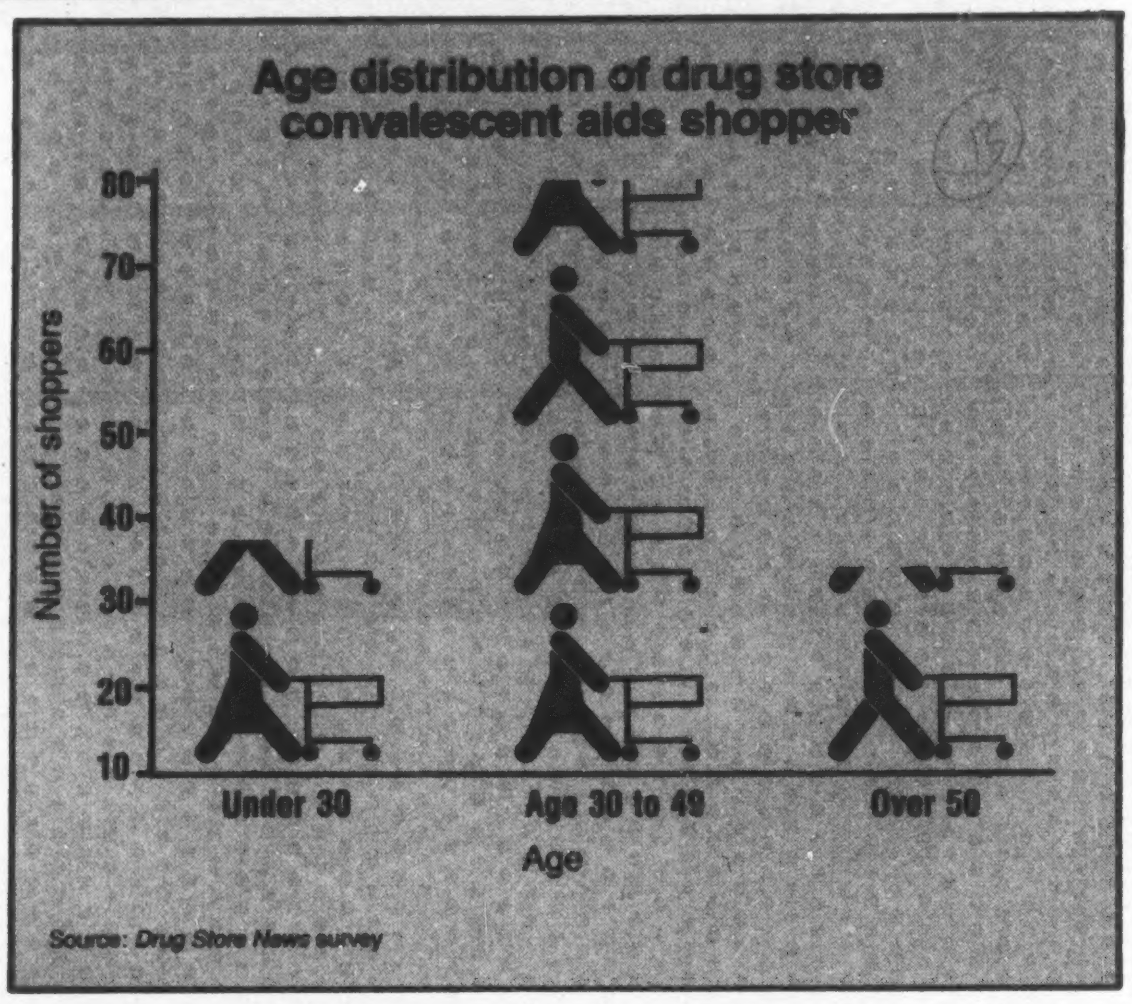
Indeed, nearly three of every four persons interviewed who had bought convalescent aids made their last purchase of these products in a drug store. According to the poll, 41% of the 500 persons interviewed had purchased at least one home health care product recently and 31% of them did so in a retail drug store.

Hospitals (2%), discount stores (1.6%), and medical supply stores (1.4%), accounted for an insignificant portion of all home health care product purchases when compared with the volume of purchases made in drug stores. Fifty-six per cent of those surveyed said they don't buy or use home health care products.

Further evidence of the role family members play in the selection and purchase of convalescent aids equipment is the fact that most drug store purchases of home health care products were made by married persons with households containing at least three persons. Elderly people, as a rule, are widowed by the time they need convalescent aids, and often live alone.

The survey also showed that the bulk of home health care customers who buy such products in drug stores have total family incomes exceeding $25,000. Persons in the under $24,900 income category were slightly more likely to obtain convalescent aids and other home health care products in hospitals and discount stores.

Just under 10% of the persons who said they bought convalescent aids products said they last did so from nondrug store retailers, including department stores, discount stores, hospitals, medical supply stores or even supermarkets (presumably, those with pharmacies).



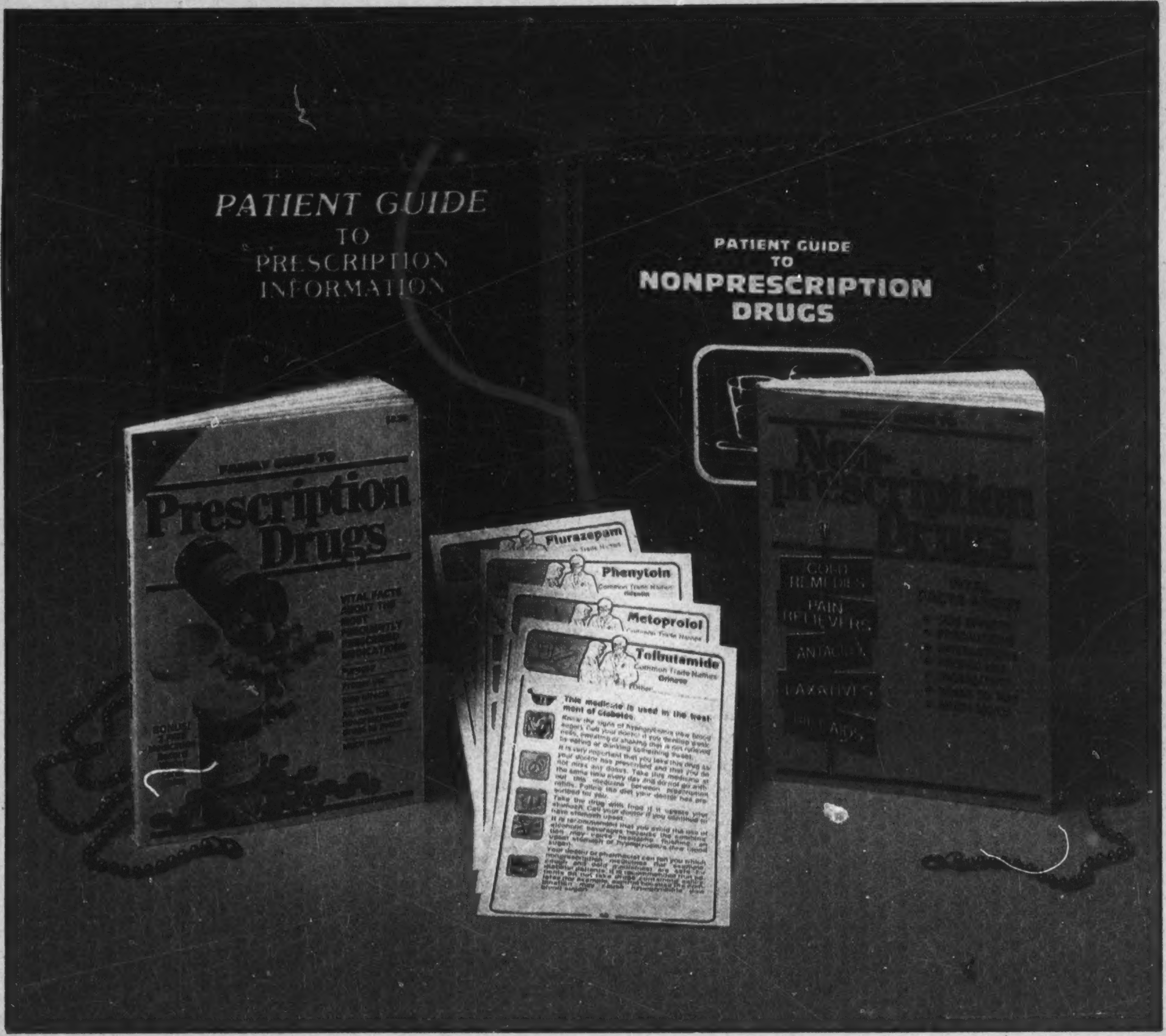
Source: *Drug Store News* survey

Survey results also showed that persons in rural areas are more likely to buy home health care products at their local drug store than are persons living in urban or suburban areas, where the variety of retail outlets is higher.

The survey did not measure consumer involvement in the rental of home health care products, which is a major segment of the convalescent aids market.

Convalescent aids shoppers, more often than not, are younger relatives or friends of infirm persons, and therefore fall into the under 50 age category.

Patient Information you can bank on!


PATIENT GUIDE TO PRESCRIPTION INFORMATION
PATIENT GUIDE TO NONPRESCRIPTION DRUGS
FAMILY GUIDE TO Prescription Drugs
Non-prescription Drugs
Flurazepam
Phenytoin
Metoprolol
Tolbutamide

consumers want it . . . pharmacy needs it . . .
you can provide it professionally at a profit!

PHARMEX patient information systems deliver the means to satisfy your customers' "need to know", create community goodwill and build your prescription business.

PRACTICAL. The updated *Patient Guide to Prescription Information* and the new *Patient Guide to Nonprescription Drugs* are theft resistant in-store binders covering, in layman's language, the most widely prescribed Rx and commonly used OTC medicines. Proven traffic builders, both binders will withstand constant perusal by customers at the prescription counter. Update service available.

PROFITABLE. The revised *Family Guide to Prescription Drugs* and all new *Family Guide to Nonprescription Drugs* are paperback versions of the hard cover binders containing the same material plus additional helpful information. They are offered in 3 effective point of purchase display options. Every sale results in a 40% *plus* profit!

ECONOMICAL. *Patient Advisory Leaflets* are designed to be easily dispensed from compact racks and inserted into customer prescription bags. The top 170 drugs are covered through 96 individual, generically titled leaflets at less than 2¢ each.

VERSATILE. Choose the combination of products that's right for you.

[illegible]

PHARMEX®
Pharmacy Rx Excellence

[illegible]
Call Toll Free 1-800-243-8192

NATURAL
COLLAGEN

Quality at a reasonable price
17.5 Ounces • Dispenser Pump
For information on the entire Super Rich® collection of skin care products call Majestic Drug Co., Inc. collect: (212) 292-1310.

Second Annual Consumer Study

Convenience, prices lure shutterbugs to drug stores

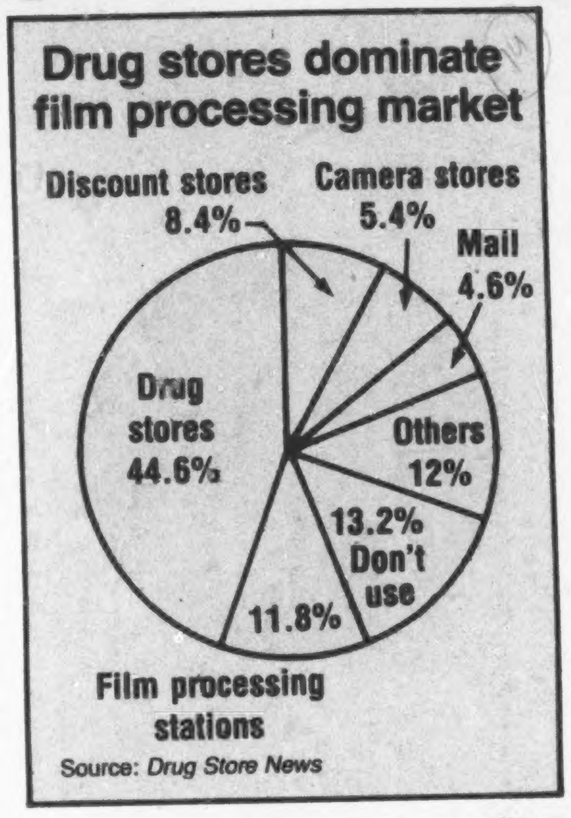
Drug stores are the first choice for film processing across all demographic lines, but are especially popular among younger people with larger families and higher incomes.

This follows the pattern of the individual most likely to use film processing. As income increases, an individual is more likely to snap pictures.

Overall, 44.6% of 500 consumers surveyed by *Drug Store News* reported their last roll was developed at a drug store.

That is nearly four times the number of respondents (11.8%) who said their last roll was developed at the closest competitor of drug stores, film processing stations.

Shutterbugs who bring their exposed film for processing to drug stores and drive-in film drops cite the same principle reason for picking that outlet: convenience.



Drug stores dominate film processing market

Source: *Drug Store News*

Nearly 48% of those surveyed by the Photo Marketing Association reported convenience was the main reason they used the service at a drug store. Price was the second most important consideration, a factor that was not that important to shoppers at film processing stations.

That corroborates the *DrSN* survey that reveals the number of persons who have their film processed at drive-in film drops rises dramatically from 9% to 15.7% as income rises from below $15,000 per year to $25,000 and over.

Drug stores also gain more film processing customers as income rises, but the increase is not as dramatic. Among respondents with household incomes less than $15,000, 43.6% said their last roll of film was developed at drug stores. Among those with household incomes greater than $25,000, 48.6% said their last roll was processed at drug stores.

Camera stores had the most spectacular growth in relation to income. The number of respondents with incomes over $25,000 who said their last roll was processed at a camera store (9.2%) was more than triple the number with household incomes under $15,000 (3%).

Other research indicates camera stores are the first choice among photographers who value quality as the prime reason in selecting a film processor.

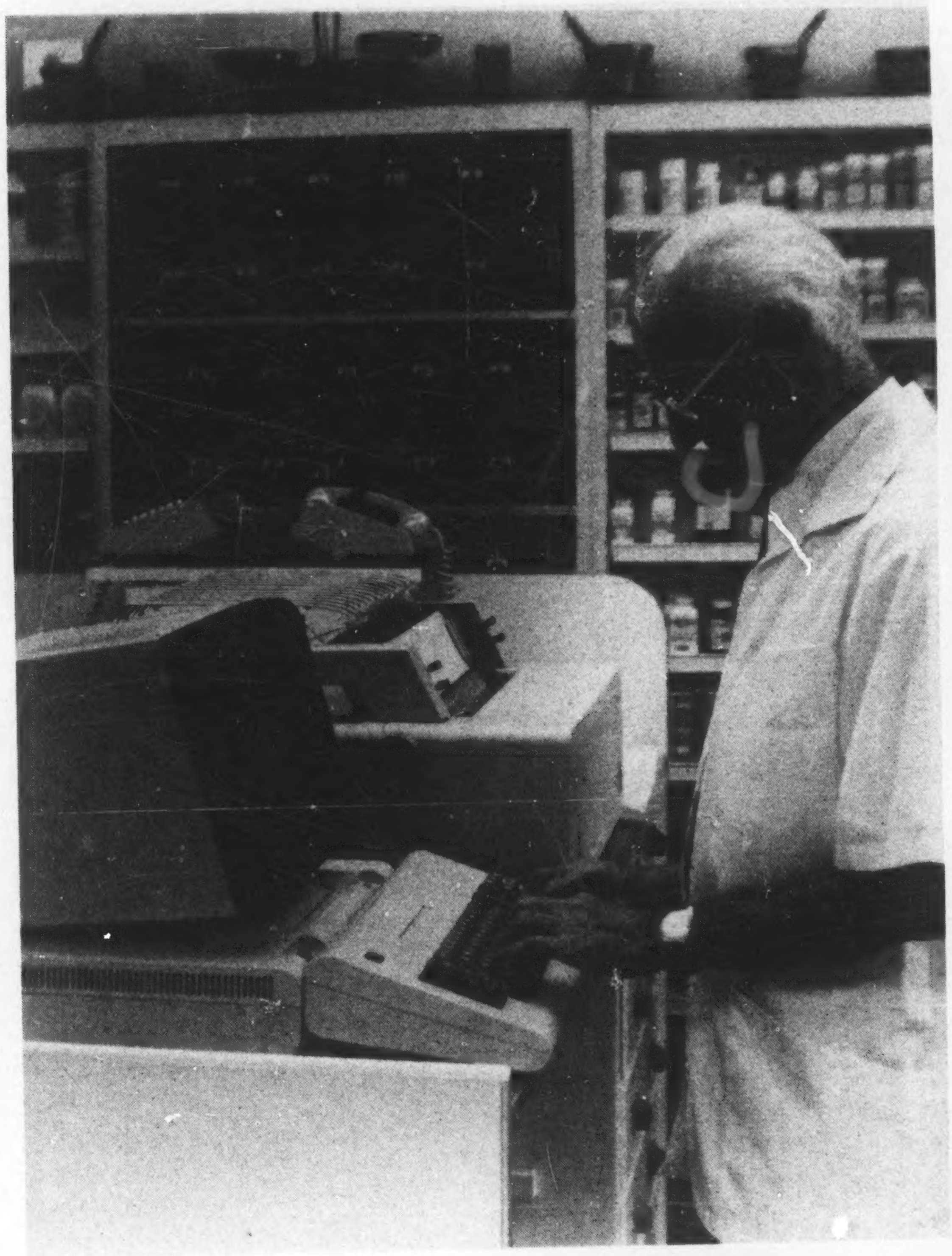
Among all photographers, quality was the third most important reason given (16.2%) in selecting a film processor, following convenience (38.7%) and price (30.5%), according to the PMA survey.

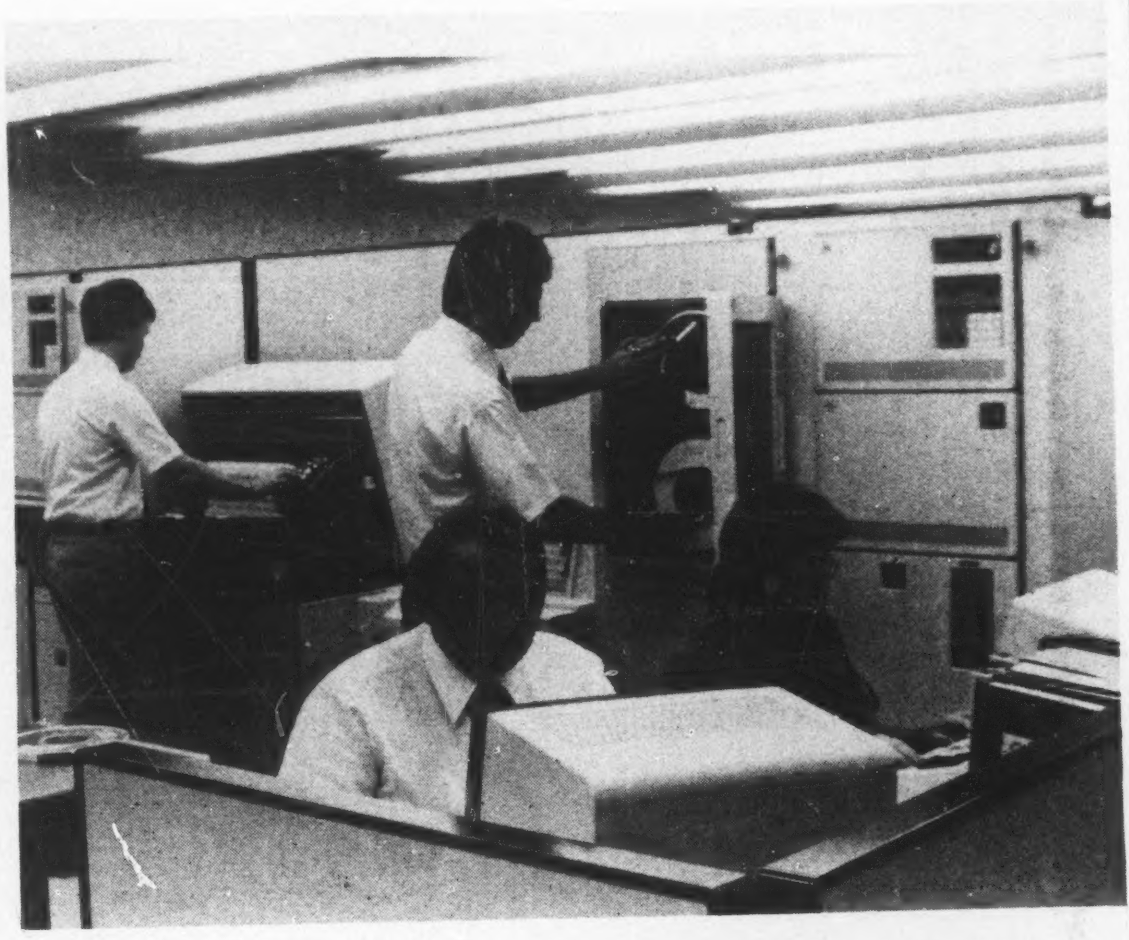
In the *DrSN* survey, older people were less likely than younger people to bring their film processing to a drug store. More than half of those under 30 (50.5%) had their last roll of film processed at a drug store.

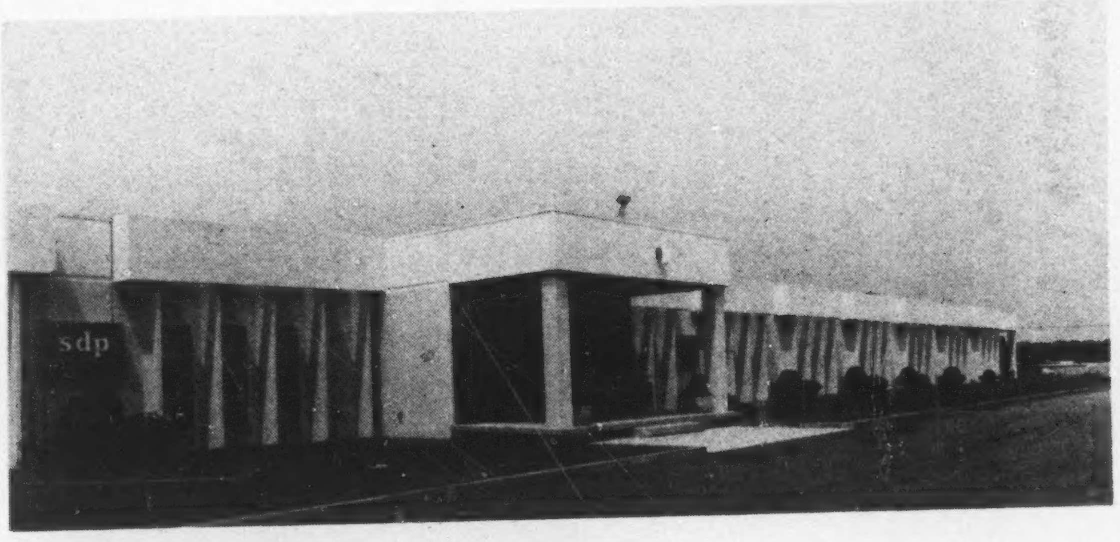
That percentage decreases in the older age groups and reaches a low for those 50 and over (38.3%). This shift also follows the trend for all film processors because the number of people who use film processing decreases with age.

Overall, film processing at chain drug stores is expected to average approximately 17% in annual growth over the next five years, according to various marketing studies. Photo finishing sales for 1982 are expected to be $2.6 billion. The entire photo finishing industry is growing at a 10% annual rate.

Factors that are expected to generate further growth in film processing is the introduction of new format cameras, like the Disc, as well as heavy advertising by manufacturers, photo specialty and chain stores.







At QS/1 We Build Our Reputation Every Day.

We've worked hard to develop a reputation of good, dependable service because we feel the support available from a computer supplier is just as important to the pharmacist as what the computer can do.

We build our reputation every day with 1) a network of trained distributors to service you, 2) an ongoing development program to constantly improve the software available, and 3) a national office staffed with pharmacists and computer specialists to give our users help fast, if and when they need it.

For more information about pharmacy systems solidly backed by service call 1-800-845-7558 (in South Carolina, call 1-578-9455). Or, write Smith Data Processing, P.O. Box 6052, Spartanburg, SC 29304

Using IBM® Series/1 Hardware
®International Business Machines

QS/1 Pharmacy Systems

©1982 JM Smith Corporation

PAIX SUR LA TERRE
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

IF YOUR SKIN DOESN'T FIT ANYMORE, TRY ELASTIQUE™
With Elastin/Collagen Complex

Month After Month . . .
Consumer Advertising
With Sell-Through Impact:

COSMOPOLITAN
GLAMOUR • VOGUE
HARPER'S BAZAAR

Tie-In Now!

West Cabot Cosmetics Associates
165 Oval Drive, Central Islip, N.Y. 11722

Second Annual Consumer Study

Drug stores come out strong third with camera shoppers

When 500 consumers were asked where they bought their last camera, a surprising 13% said drug stores, making the outlets the third most popular choice behind discount stores (17.2%) and department stores (15.2%).

According to the *Drug Store News* survey, lower-income buyers made drug stores their favorite outlets, outdistancing the nearest competing shops, camera and department stores, by nearly 2 to 1.

The person most likely to buy a camera in a drug store is a woman with a household income of less than $15,000, between 30 and 49 years old .

However, drug stores lost shares of an expanding market to department stores, discount stores and camera stores as income increased.

In the $15,000- to $24,999-annual-income range, drug stores slid to third place with 13.9% of camera sales, behind discount stores at 23.5% and department stores at 20.9%. In the $25,000 and over income group, drug stores are in fourth place with 11.4% of the sales, behind discount stores at 20.5%, department stores at 18.9% and camera stores at 18.9%.

According to Business Trend Analysts, 60% of all 35mm cameras are sold in specialty camera stores. This statement, coupled with Lebhar-Friedman research, indicates that as camera buyers income increases, they are more likely to go to a camera store for a 35mm camera than to a drug store for a lower-priced camera.

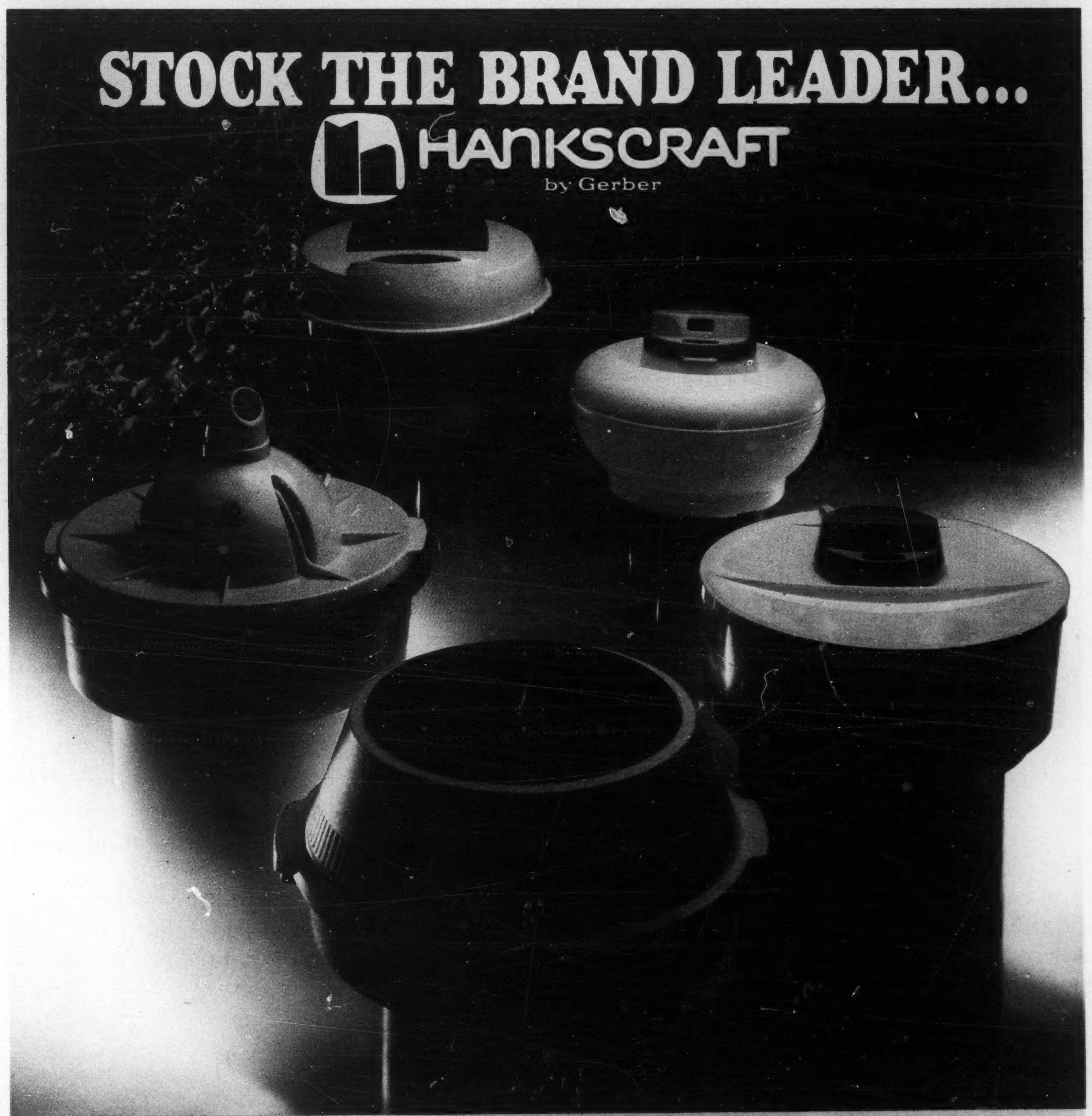
Drug stores are more likely to sell cameras to women than men: More than 15.1% of the women surveyed reported making their last camera purchase at a drug store compared to the 10.8% of the men surveyed.

Although the share of drug stores' share of the camera market declines as income rises, the total market grows in relation to income.

Households with incomes less than $15,000 are twice as likely not to own a camera as households with incomes more than $25,000. More than 32% of the under-$15,000 income households said they did not own cameras while 13.5% of the households earning over $25,000 said they did not own cameras.

Age also was a factor, with individuals 50 or over more than twice as likely not to own a camera than individuals under 30 and three times as likely as individuals between 30 and 49 not to own a camera.

Of those under 30 surveyed, 17.1% reported not using cameras. In the 30 to 49 age bracket, 13.8% said they do not use cameras. In the over group, 37.7% said they do not use cameras.



Hankscraft is #1. Hankscraft holds the largest share in both portable humidifiers and vaporizers and also leads in innovation and profit.

Whisper-Mist™ is the first really new humidifier on the market in years.

Whisper-Mist is the latest Hankscraft innovation. It has all these Hankscraft features:
- Easy To Use
- Easy To Clean
- Easy To Fill and Empty
- Modern Styling
- Overnight Operation
- Directional Vent
- Flow Regulator
- Easy Top Filling

Plus, a special design that means quieter operation, especially important when used in a bedroom.

Fill in, clip and send to Robert Travers, Product Manager, Gerber Products Company, 445 State Street, Fremont, MI 49412.
Please send me:

☐ Hankscraft's Humidifier & Vaporizer Partners Brochure—How to Market and Sell Humidifiers and Vaporizers.
☐ Hankscraft's Ad Planner—Everything you need to create an effective advertising program.

Your Name__________ (please print)
Company/Store__________
Address__________
City__________State__________Zip__________
Telephone(_____)__________

Now you can get an even larger cooperative advertising allowance!

Hankscraft has just raised their cooperative advertising allowance from 10 to 12% including special allowances for administrative expenses.

Contact your Gerber representative today for details.

HANKSCRAFT by Gerber

Hankscraft, the number 1 brand in portable room humidifiers and vaporizers.

MOSCO®
CORN AND CALLUS REMOVER

MOSCO
REMOVES
CORNS
ROCHESTER, N.Y. 14604
MOSCO
Moss Chem. Co. Inc. Rochester, N.Y. USA

- **Customer satisfaction.** Quick and easy application. Corn and callus removal guaranteed or your money back from the manufacturer.
- **Available in Economy (24g) and Regular (13g) sizes.**
- **How to order.** Through wholesaler. Packaged in dozens.

Moss Chemical Co., Inc.
183 St. Paul Street
Rochester, N.Y. 14604

716-546-6187

Deep discounts set for 5-year growth spurt

Continued from page 1

ber's franchise operation, grew to 17 stores this year including debuts in new and fertile markets such as Atlanta and San Diego.

- Finally, low-margin retailing was introduced into the upstate New York market when Carls Drug converted a unit into Cost-Rite. Cost-Rite, which features discounts up to 40%, directly competes with Fay's Drug at a location in Syracuse, N.Y.

These are just a few of the major entries of discount drug retailing that 1982 brought. What spurred these retailers to enter this complicated business which survives on striking low-cost deals, balancing inventories and using diverters? The sheer volume figures produced by the original operators are the catalyst, insiders report. For example, it is estimated that in Cleveland, Shulman's and Marc's do better than one-eighth of the total drug store business.

Attractive market

"Bernie's [Shulman's] and Marc's do about $44 million of the $325 million in drug sales in Cleveland," states Barney. "Obviously, this market penetration is attractive." And, Barney hopes his units will be able to produce volume levels of $15 to $20 million annually when mature.

Under Barney's guidance, Fisher plans to build this business in a chain format similar to the lucrative F&M chain based in Warren, Mich. One of F&M's newer stores, a three-year-old site in Toledo, already generates about $7 million in annual sales and the original unit in Ferndale, Mich. (a 4,500-sq.-ft. store) produces double digit annual sales.

So, the volume potential is there. But, as more and more stores open, is there a chance of markets becoming saturated? Will there be enough consumers in an area to bring in traffic to offset the low margins?

"You can't open too many of these stores in any trade area," explained Barney. "Between your own stores and competitors, saturation is reached too quickly."

Thus, Jax is prepared to move away from its Cleveland base and will probably pick markets without deep discount competition where an early foothold will provide a quick influx in market share dollars (based on Cleveland statistics). Since Jax stores operate on a direct buy, direct ship basis, there are no geographical boundaries.

F&M has also expanded outside of the Michigan boundaries because of market saturation. However, this company chooses to keep all of its stores within about a 60-mile radius of headquarters.

Wilber still feels there is plenty of room for growth in just about any market. "I don't think you'll see over-storing in my lifetime," Wilber quipped. Wilber reasons that because every store is different, the unit attracts a different kind of consumer and will have different traffic patterns.

Major deep discount operators

store name	ownership	no. of stores
Drug Emporium	franchised stores conceived by Phil Wilber, Columbus, Ohio	17
Rock Bottom	Courtesy Drugs, Port Washington, N.Y.	12
F&M	private ownership, Warren, Mich.	8
Warehouse Way	Chatham Super Markets, Warren, Mich.	7
SuperXtra Drug World	SupeRx Drugs, Cincinnati, Ohio	3
Drug Palace	Rite-Aid, Shiremanstown, Pa.	3
Jax	Fisher Foods, Bedford Heights, Ohio	2
Shulman's	Terry Shulman, Cleveland	2
Marc's	private owner, Cleveland	1
Cecille's	Sonny and Cecille Raichlen, Birmingham, Mich.	1
Cost-Rite	Carls Drug, Rome, N.Y.	1
Gray	Gay Drug Fair, Cleveland	1
R-Way	Ribordy Drug, Valparaiso, Ind.	1

Source: *Drug Store News* (not a complete list of all deep discounters, only major stores in large markets).

Fay's predicts $1B sales after 10 years

Continued from page 1

- An annual return on equity of 18%, and annual inventory turns of six times, compared to 20% and five times per year today.

"To some, Fay's goals may seem quite ambitious," Panasci told the analysts. "But those of you who know us and our track record are aware of our potential. We have everything in place to implement the plan."

Panasci's remarks followed disclosure of the 92-store chain's third quarter and nine-month results for the period ended Oct. 31. Net earnings for the nine months increased 117% to $2.9 million on sales of $191.3 million, over the prior year's $1.3 million on sales of $170.2 million. Two years ago, Fay's reported earnings of $862,000 for the nine-month period.

For the third quarter, earnings increased to $1.1 million on sales of $66.2 million compared with earnings of $509,000 on sales of $55.8 million in the same period last year.

Panasci also announced the company's plans to proceed with the $7 million, 2 million cubic-foot expansion of its Liverpool, N.Y., distribution center early next year. The project was previously delayed because of high interest rates.

The expanded facility will increase to 75% the ratio of centrally distributed merchandise in Fay's stores, compared with 65% today.

Panasci said Fay's also expects to open 10 new stores next year, some in existing markets and some in new markets in northern Pennsylvania and western Massachusetts, but all within a 250-mile radius of the company's distribution center.

Several factors have accounted for Fay's rebound since the company withdrew from its 35-store southern operation two years ago, Panasci said.

Increased market penetration in upstate New York, a completely computerized pharmacy system, renewed emphasis on selected high gross margin products and intensified cost controls have paved the way for Fay's upbeat performance record.

Clustering stores in key market areas, such as Buffalo, Rochester, Albany and Syracuse, N.Y., has afforded Fay's increased economies of scale in advertising and store supervision costs now reflected in the chain's bottom line, Panasci said.

AccuFays, the chain's computerized pharmacy system, helped boost prescription volume 7% during the last nine months, Panasci said, an increase that equals a 35% gain in prescription revenues, stemming from a 12% inflation rate, larger quantities being dispensed and costly new drug products introduced during the last 18 months.

Visibly improves dry, wrinkled skin... helps restore skin tone and elasticity.
Queen Helene
Elastin/Collagen
Skin-Firming Creme
Skin-Firming Body Lotion
LIBERAL CO-OP ADVERTISING ALLOWANCES
GENERAL THERAPEUTICS, INC.
100 Rose Avenue
Hempstead, N.Y. 11550
(516) 538-4600
Outside N.Y. State (800) 645-3752
Queen Helene
Elastin/Collagen Skin-Firming Body Lotion
A natural restorative to revive skin's elasticity. For hands, face and body.
16 Fl. Oz. (1 Pint) 473.1 mL
Queen Helene
Elastin/Collagen Skin-Firming Creme
A NATURAL RESTORATIVE TO REVIVE SKIN'S ELASTICITY
Net Wt. 4 oz. (113.4 g)

Chains react to consumer survey

Continued from page 1

DrSN' finding about the importance of merchandise variety in the selection of a drug store. Only a convenient location was considered more important, according to a Walgreens spokesman.

To keep their balance on the highwire, many chains are decreasing inventory while trying to minimize the effects of the cuts. Big B, for example, has reduced its same-store inventory by 2% to 3% below last year's, yet has kept the same number of facings of all merchandise.

"Instead of having the Crest toothpaste go all the way back to the wall, there may be space there," according to Arthur Junes, vp of financing for the Birmingham, Ala.-based chain. "You have to have all of the merchandise the customers want. If we don't have it they'll go somewhere else."

Jones said most of Big B's inventory reductions came in the back storage areas. He said the chain has a higher inventory to sales ratio than the rest of the industry to make sure customers find Big B stores well stocked.

Rite Aid never changed inventory policies during the period of high interest rates, according to Alex Grass, chairman and president. "We continue to enjoy traditional sales increases whether or not inventory levels have become a factor. It's difficult to assess," he said.

But at Page Drugs, Robert Corn, executive vp, said the growing number of combination stores with big drug sections may be making customers more conscious of wide selections.

"Before, it was an accepted fact what was in the stores. Once they come into combination stores they see bigger selections. There are 540 sku's in our shampoo section. Another chain in our area has 300," he said.

Still Page has reduced inventories 10% below last year's level. Corn said, "We have items turning five times a year. That's not good enough. The reductions are not visible. They're just not noticeable to the consumers," he said.

Impulse sales flat

Corn agreed with another finding of the *Drug Store News'* survey: Impulse sales were down this year.

"Our sales are somewhat flat. We're averaging close to 10% over same store sales of last year," he said.

William D. Ausenbaugh, executive vp at Ribordy Drug, also noticed the decline in impulse purchases. "We stayed away from some impulse items, especially fad items and items in housewares.

At Big B, Jones said his chain is trying harder to lure the shoppers into the stores by cutting prices more deeply than in the past on promotional items.

"It's been a little harder to get the customers into the stores. There's plenty of dollars out there. Our percentage of advertising to sales is the same, but the ads are stronger as far as the percentage of the markdown," he said.

Walgreens is finding that impulse purchases remain a good percentage of sales, according to chain spokesman Kelly. "Given an attractive display in heavily trafficked parts of the store, they keep being bought. Small trial size packages are successful," she said.

Although the *Drug Store News'* survey reported customers were less concerned with sales and bargains than in the past, some chain executives disagreed.

SupeRx chooses combo model

Continued from page 1

chandise, the new prototype store contains a full-service meat department, a seafood shop offering local, regional and air-shipped fresh fish, a hot/cold delicatessen, an international cheese shop, a full-service pharmacy, an in-store bakery, and a large floral department with potted plants, fresh cut flowers and floral supplies. Other key departments in the attractively decorated store include a cosmetics section featuring popular national brand products, a birthday, greeting card and party center, a wine shop and an expanded service center.

The prototype is approximately 4,500 sq. ft. larger than its four predecessors, the first of which opened in October 1980 in Melbourne, home of SupeRx's Florida regional headquarters. A second combo opened earlier this month.

The extra space has allowed SuperX to expand the store's frozen foods section from 265 linear feet in prior locations to over 400 ft.

As its name suggests, food gets top billing in the combo. Roughly 70% of the store's total square footage is devoted to traditional supermarket items plus the expanded special service sections (floral, cheese, bakery, deli, seafood and meat). The drug side of the store, about one-third of the total selling space, is also service-oriented. A pharmacist is on duty approximately 12 hours each day, a cosmetician is available eight hours a day, and an L-shaped 20-ft. service counter is staffed to assist customers with bottle returns, film processing, and camera, appliance and tobacco purchases.

Health and beauty aids merchandise has been trimmed slightly compared to a regular SupeRx drug store, but national brand cosmetics receive the same glittering two aisle, tile floored and specially signed display seen in prior SuperX combo stores.

Lowest in town

SuperX is backing up its emphasis on personal service and quality merchandise with a guarantee that its prices are the lowest in town.

SuperX promises to triple the difference in cash between its prices and those of any lower priced competitor during any week. Customers must purchase at least 25 items valued at $20 to qualify

A random comparison of the combo store's opening week prices with those of a nearby Gray Drug Store appeared to reinforce SuperX's low-ball image.

Answer to Nostalgia Quiz:
1938

C5150-2 1/21/83

CHAIN STORE AGE
MERCHANDISER

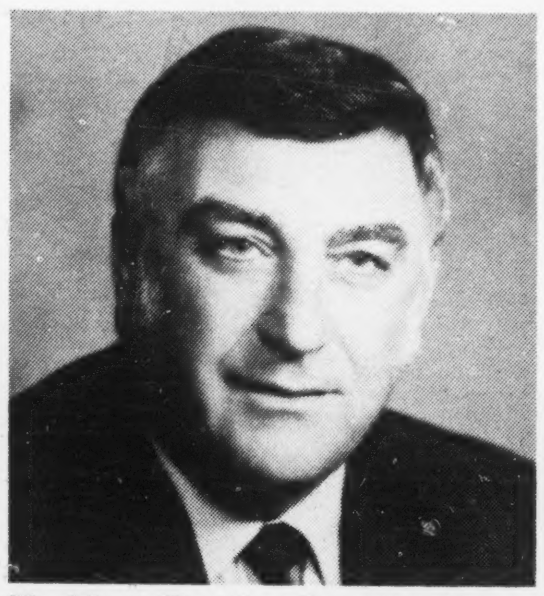
Chains say new phone law will ring up sal

0000040 DR
ACQUISITIONS EDITOR
CONGRESSIONAL INFO SVC INC
4520 EAST-WEST HWY
WASHINGTON DC 20014 **

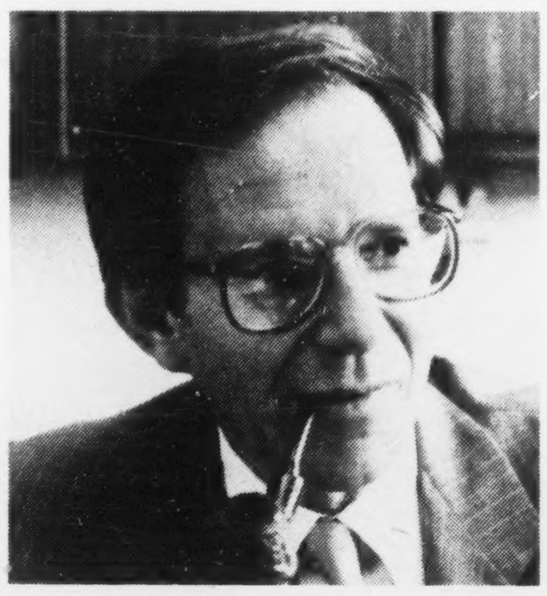
DRUG STORE NEWS®

Vol. 5 No. 1/Incorporating **CHAIN STORE AGE Drug Magazine** Published by Lebhar-Friedman Inc./January 10, 1983

Chain execs see 'modest' growth in '83



Sheldon Fantle, Peoples Drug Stores: "The industry should sustain modest growth."



Jack A. Robinson, Perry Drug: "High unemployment is going to persist."

J. Douglas Reeves, Hook Drug: "Considering the Midwestern economy, we are doing well."

Henry Panasci Jr., Fay's Drug: "1983 will be the turning point for the economy."

Stewart Turley, Jack Eckerd Corp.: "The chain drug industry will face a trying year."

By Clifford Feng

NEW YORK—Chief executives of some of the nation's leading drug chains are confident the industry will achieve at least modest sales growth in 1983.

Retail drug chiefs from Walgreens, Peoples, Fay's, Perry and Hook Drug were among those who told *Drug Store News* that the industry's resiliency was a major factor in its ability to sustain sales and profit growth despite double-digit unemployment and seesawing interest rates.

To insure growth levels, retailers say they will beef up store expansion and remodeling programs, restructure advertising programs and improve merchandise distribution methods.

"The chain drug industry should sustain modest growth in both sales and profit in the year ahead," said Sheldon "Bud" Fantle, president and ceo of Peoples Drug Stores. "Being in an industry that caters to the masses, as well as selling consumable products, we have the advantage of being somewhat recession resistant.

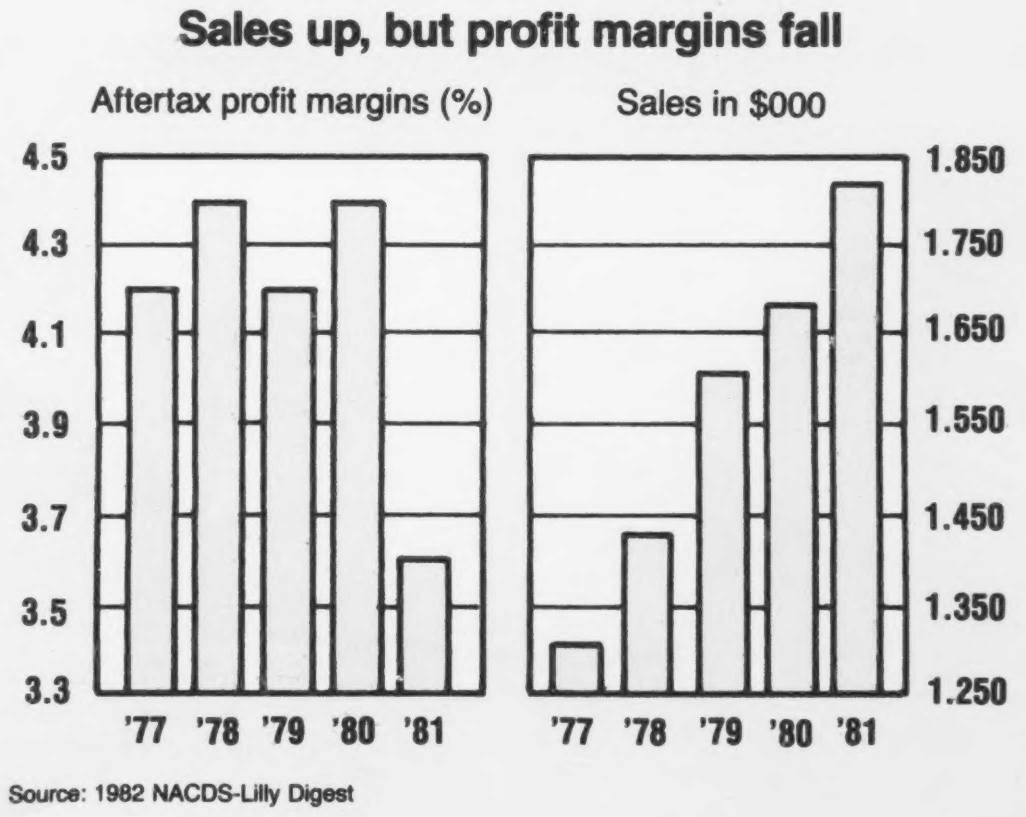
"Our industry has become more sophisticated in recent years," said the head of the 500-plus-store chain, "and it is fully capable of dealing with the changing environment, thereby being able to respond positively to less than the most desirable conditions."

And how will Walgreens, which had record sales of $2 billion in fiscal year 1982, maintain its performance? In 1983, this

Continued on page 56

NACDS Lilly Digest:

Profit margins had big dropoff in 1981



Source: 1982 NACDS-Lilly Digest

NEW YORK—The year 1981 was a tough one for chain drug stores, according to the 1982 NACDS Lilly Digest.

Sharply higher merchandise costs and total expenses led to the steepest decline in before-tax profit margins ever reported by the 12-year-old publication.

According to the just-released Digest, the before-tax profit margin for the average chain drug store dropped almost a full percentage point, from 4.4% in 1980 to 3.6% in 1981.

The 12th annual edition, published by Eli Lilly and Co. in

Continued on page 56

TRP drugs make debut across U.S.

NEW YORK—Over-the-counter drug products in new tamper-resistant packaging are reaching drug chains as fast as manufacturers can ship them, but different products are winning the race to retailers' shelves in each section of the country.

While Bristol-Myers was the first to hit Pay 'n Save on the West Coast with its new packaging for Datril 500, Tylenol in its new wrapping was the first to reach Medi Mart on the East Coast. At the same time, Begley Drug in Kentucky has received newly packaged Tylenol, Anacin 3 and Bufferin.

Meanwhile, manufacturers have established different policies for crediting retailers for products still on the shelves in their old packages.

"There is no formal take-back policy by most manufacturers," according to a spokesman for Rite Aid.

Continued on page 56

Yule sales rise 12% in final surge

By Faye Brookman

NEW YORK—Chain drug retailers, who had braced themselves for a rocky Christmas, wrapped up the crucial selling season with a last-minute surge that left them with average sales gains of 12% over last year.

"Our stores were crazy just before Christmas," exclaimed a weary Walgreens manager.

Chains including Genovese, American Stores, Fay's, Begley, K & B and Big B agreed the sales pickup began just after the unseasonably warm weather began to cool.

But even on the West Coast, where shoppers seldom experience traditional Yule weather, William Combs, vp administration of Longs Drug Stores, reported the last-minute shoppers were flocking to drug stores.

Retailers felt, once again, that drug stores benefited from

Continued on page 56

Retailers witnessed two tiers of toy buying this year with higher priced video games moving well and medium-priced pegged toys being popular.

LATE NEWS

HIGHER ADVERTISING COSTS, LOWER PRODUCTIVITY in existing stores, greater interest expenses and the depressed Michigan economy contributed to a 15% drop in earnings for fiscal 1982 at Perry Drug Stores. Earnings fell from $3.4 million to $2.7 million. Sales for the 125 retail units rose 27% to a record $244.3 million from $192 million. Fourth-quarter earnings, ended Oct. 31, declined 19% from $689,000 to $560,000, while sales jumped 23% from $50.4 million to $61.5 million.

CHATHAM SUPERMARKETS, operator of six discount drug stores, and A&P have announced plans for a merger of the two operations in the Detroit area. Under the agreement, all stores—Chatham's 34 and A&P's 70—would operate under the Chatham logo and be run by Chatham's current management team.

Walgreens to buy 5-store Colo. chain

DEERFIELD, Ill.—Walgreens has reached an agreement in principle to purchase the five-store Sullivan's Drug Co. in Longmont, Colo.

The purchase, for an undisclosed sum, fortifies Walgreens' position in Colorado, where the chain now operates 32 units. The stores are concentrated in an area surrounding Denver, allowing the Deerfield, Ill.-based chain to maximize return on distribution and advertising costs.

This is in line with Walgreens' successful strategy of building share in already strong existing markets, rather than moving into new ones.

In the Denver area, King Soopers leads the market in pharmacy volume, while Walgreens and Skaggs are other major forces. The five Sullivan's units had estimated 1981 sales of $5 million, while stores averaged about 10,000 sq. ft. in size.

According to a Walgreens spokesman, the location and sizes of the stores are well suited to the chain's mode of operation, and the Sullivan's chain is an example of the company's wish to pursue "quality" acquisitions.

— News in brief —

Revco earnings up 24%

TWINSBURG, Ohio—Revco D.S. Inc. turned in another strong performance in the second quarter ended Nov. 13, as net earnings increased 24% to $12.7 million, or 62¢ a share, compared to $10.2 million, or $50 a share, a year ago. Sales rose to $391.7 million, a 15% gain over last year's $341.4 million. It was the third consecutive quarter in which the percentage growth in profits substantially outstripped sales growth. Revco president and ceo Sidney Dworkin attributed the performance to more competitive pricing, lower interest costs, stronger performance from the former Texas Skillern stores and tighter reins on all costs.

1st Calif. Trak Auto to open in spring

LOS ANGELES—Thrifty Drug will open the first of about two dozen Trak Auto stores in southern California in March or April, according to James Barthe, vp-real estate division. Trak Auto is a joint venture of Thrifty and Dart Drug, which operates 42 similar units in metropolitan Washington, D.C. and Richmond, Va. The exact location and opening date of the first 6,000-sq.-ft. store was not available, but Barthe confirmed that one of the early openings will be in Pasadena.

"Thrifty will put new stores on-stream monthly in Los Angeles and Orange Counties," Barthe said. Eventually, he said, they will be opened in northern California.

Sy Lubman, 'Mr. Generic,' dies at 60

ELIZABETH, N.J.—Seymour A. Lubman, president of the Purepac division of Kalipharma Inc., died Nov. 27, 1982, at the age of 60.

Lubman joined Purepack after a long career in the pharmaceutical distribution system. At Purepac he was instrumental in making multisource products available at lower than brand name prices. He became known as "Mr. Generic" for his role in defending the importance of generic drugs.

Ilacqua to handle Perry merchandising

PONTIAC, Mich.—Joseph Ilacqua has been named to the newly created post of merchandising administrator for Perry Drug Stores.

In his new post, Ilacqua will handle inventory control as well as the administration of merchandising programs. He will be a liaison to other Perry departments and administer policies developed by Perry buyers and merchandise coordinators.

Ilacqua joined Perry last year as director of inventory control from the now-defunct Arnold Drug Store chain, where he was director of retail operations.

AHV names Bowen vp operations

CLEARWATER, Fla.—Richard L. Bowen has been named vp of operations for American Home Video, the subsidiary of the Jack Eckerd Corp.

Bowen, 48, had been executive vp of finance and operations for Harzfelds Department Store of Kansas City, Mo.

William G. Kelley, president of AHV, said, "Dick Bowen brings to AHV 27 years of retail experience in the field of store operations. His appointment is a major step forward for our fast-growing company in all its markets."

SDM names VanCleave marketing vp

TORONTO—Shoppers Drug Mart has announced the appointment of Dalton VanCleave to the position of vice president, marketing.

VanCleave had served as vice president for operations in SDM's British Columbia/Washington region since 1976. Prior to that, he was director of operations in the chain's Prairie Region for two years, and an SDM store owner/pharmacist for two years.

Nostalgia Quiz # 15 winner selected

The winner of $100 in *Drug Store News'* Nostalgia Quiz #15 is Suzanne Shenefelt of Walgreens, Madison, Wis., who gave the correct answer, Sav-On Drug, drug/home center combo. Quiz #18 can be found on page 54 of this issue.

In this issue

Classified 54
Financial 7
Pharmacy 21
Merchandiser 47
Cosmetically Speaking 51

SPECIAL FEATURES

Antiradiation drug to be marketed at Three-Mile Island 9
F.D.A. approves Captopril use among heart patients 39
Prodigy turns around troubled Guild store 53

Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus extra Pharmacist's Reference issue in March, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rate $12 per year; $21/two years. Single copy rate $2.00. Outside U.S.A.: Canada $13, $23/two years. Foreign subscriptions: Airmail only $100 per year.

Second-class postage paid at New York, N.Y., and additional mailing offices.

Copyright© 1982 by Lebhar-Friedman Inc. All right reserved.

POSTMASTER: Please send address changes to Subscription Dept., Drug Stores News, 99 Park Ave., New York, N.Y. 10016. For change of address six weeks notice to Subscription Dept., 99 Park Ave., New York, N.Y. 10016 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 5, No. 1 January 10, 1983

Red Owl/Snyder separated; Beeler heads drug division

Donald Beeler will head the 183-store Snyder drug group.

MINNEAPOLIS—In an attempt to fortify both its food and drug divisions, Red Owl/Snyder has separated its operations into two groups. As part of this move, Donald Beeler, former sr. vp general manager, has been named president of the 183-store Snyder drug group.

Red Owl/Snyder formerly shared many operational functions, and both divisions were headed by a former sr. vp and regional manager at Montgomery Ward Co., George W. Schmidt. Schmidt has resigned, and the Red Owl operation is now being run by an executive committee.

According to Beeler, the division of the two groups will result in better management of the food and drug group because each will be tailored to serve its specific industry. "We wanted to take advantage of operating possibilities," he added. In the past, Snyder did not always receive proper attention, according to one company official.

In August, the company be-

Continued on page 55

Vendors, retailers cooperate to clear excess candy stock

NEW YORK—Efforts by candy manufacturers and drug retailers, working in tandem to clear out heavy candy inventories left from a dismal Halloween, have been largely successful, and candy sales are again running smoothly.

This was the assessment of several major chain drug retailers contacted by *Drug Store News* a week before Christmas.

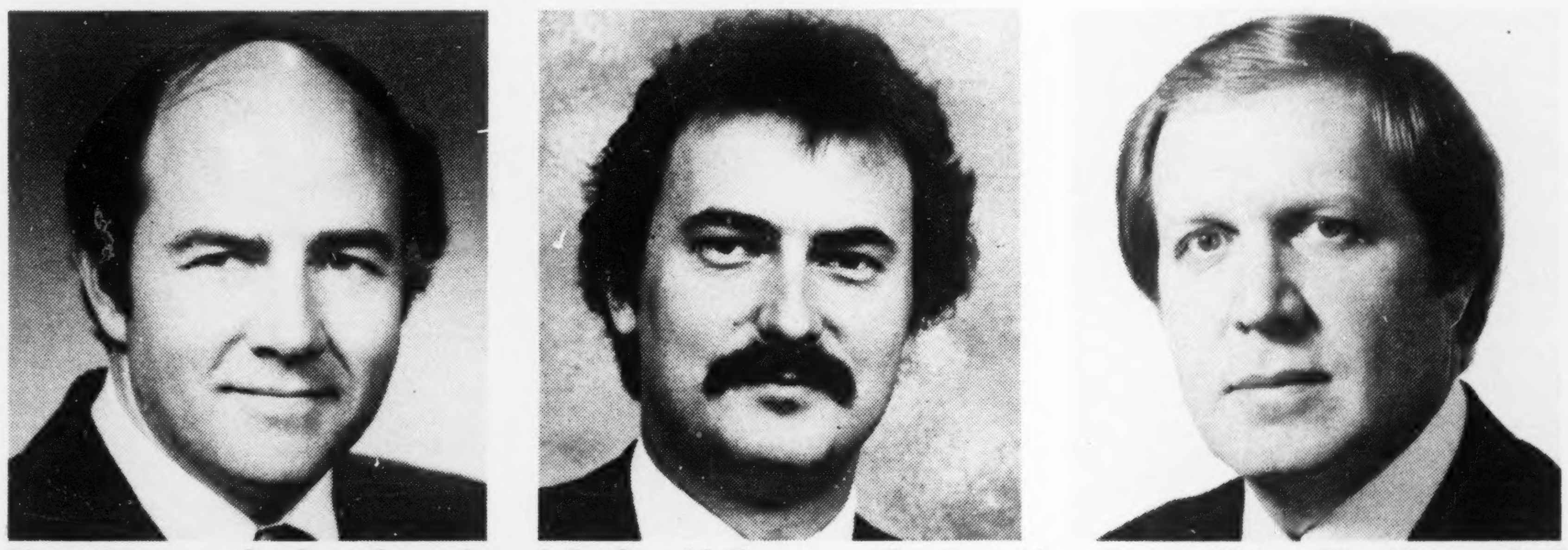
After finding candy sales off by as much as 50% in the wake of Trick or Treat scare stories, vendors began couponing selected candy lines in an attempt to move excess inventories out of the stores in preparation for the Christmas selling season.

Mars and Hershey, the two major candy manufacturers, for example, featured hefty consumer coupon deals both in newspapers and on their product packages.

The coupons, plus the fact that shoppers turned to candy as an inexpensive holiday gift idea, have combined to push candy sales back up.

Fay's Drug chairman Henry Panasci, for example, reported "solid" candy sales in his 89 stores in the Northeast. And Douglas Reeves, chairman and president of Indianapolis-based Hook Drug, said candy is sell-

Continued on page 55



Named new vps by Gray Drug from left: Gerald-Hansen, Atlantic region; Gerald Weber, Florida and Joel Arnold Northern region.

Three named to new posts at Gray Drug

CLEVELAND—Gray Drug Fair has announced the appointment of new vice presidents in its Northern, Atlantic and Florida regions, reaffirming the Ohio-based chain's increasing emphasis on a regional-based operations network.

"The growth and development of Gray Drug Fair and our increasing emphasis on regional needs and opportunities has lead to these changes," company president Al Towle said in announcing the appointments.

The new appointments include Joel Arnold, formerly senior vp for operations of Gray Drug Fair, now vp of the 156-store Northern region;

Gerald Hansen, formerly executive vp of Grand Central Inc., a 32-store Salt Lake City-based chain of variety stores, now vp of the 181-store Atlantic (Drug Fair) region, and

Gerald Weber, formerly director of operations for Shoppers Drug Mart's Southeastern United States region, now vp of Gray Drug Fair's 45-store Florida region. The three regional vps will report directly to Towle.

Robert Osborne and Ed Catterton have been named directors of operations in the Atlantic region and Phil Lagnese has been named director of operations for the Northern region.

In an unrelated announcement, Gray Drug Fair named Betsi O'Neill director of advertising and sales promotion for the 382-store chain.

Post-fair trade in Ky.: Sales up, prices down, margins squeezed

LOUISVILLE, Ky.—What happened after Taylor Drug broke the liquor fair trade law in Kentucky?

Drug chains lowered their prices by up to 10%, increased their sales as well as their market shares, but also felt their profit margins squeezed.

Taylor Drug, SupeRx and Walgreens have created liquor departments in some stores and added space to existing liquor departments in others. All three chains are discounting liquor and advertising the discounts in newspapers or flyers.

The Kentucky Supreme Court in July struck down the 42-year-old law after Taylor Drug challenged it by deliberately lowering prices two years ago in one store near Louisville.

One week after selling the large sizes of several brands at 10% below fair trade prices and advertising other specials below fair trade prices, the Alcoholic Beverage Control Board of Kentucky cited the chain.

Taylor lost its appeal before the liquor board, but the courts ruled fair trade violated Federal antitrust laws. After the ruling, the chain increased its liquor departments from 200 sq. ft. to 350 sq. ft. The typical Taylor store is 9,000 sq. ft.

Taylor reduced prices by 10% on alcoholic beverages in containers of 1.75 liters or more. "Sales are up," according to William H. Harrison Jr., sr. vp at Taylor.

He said the chain advertises the discount in area papers and runs the discount for a week.

Lowered prices

Walgreens lowered prices on all alcoholic beverages in containers larger than a pint, according to a chain spokesman. Discounts range from 2% up. "We've had a strong increase in business, but not necessarily increased profits," the spokes-

Continued on page 55

Chains pour more money into TV advertising

NEW YORK—Drug chains with high concentrations of stores in various markets are increasingly finding television advertising an efficient vehicle to reach consumers.

In the first nine months of 1982, nine drug chains spent more than $1 million on television ads compared to four in the same period a year ago.

Overall, television dollars spent in the first nine months by 15 top drug chains increased 45% to $21 million, up from $14.5 million a year ago, according to the Television Bureau of Advertising. The bureau was reporting on the 75 largest United States markets.

In these markets, total drug store television advertising dollars increased 38% to $25 million in the first nine months.

The Skaggs Co. subsidiary of American Stores was credited with a 525% increase to $1.08 million in the first three quarters, one of the largest percentage increases among drug chains.

"Most of the increase came because we are featuring our food and drug combination stores," said Richard Shanaman, executive vp of American Stores. "We will continue to feature combo stores at the same level on television."

Shanaman added that some of the TV ad dollars came from the print advertising budget.

Topping the list with a record $5.09 million in TV ad spending is Eckerd Drugs. This represents a 14% increase above the $4.45 million spent the same period a year ago. Tom Thumb/Page posed an infinite gain to $641,000 for the first three quarters.

Triple digit per cent increases were also posted by Walgreens, up 654% to $1.15 million, Treasury, up 340% to $656,000 and Thrift, up 302% to $1.14 million.

According to a Walgreens spokesman, although the bulk of the chain's advertising is devoted to newspapers, the firm's commitment to major market expansion is also making television and radio advertising economically attractive.

"1982's budget for electronic advertising was the highest ever, up 118% from 1981's budget. It will continue to expand," says a spokesman.

Walgreens used television advertising in selected markets with excellent results to promote its prescription services, private label products and next-day photofinishing.

Substantial increases in TV advertising dollars were spent by Sav-On, up 93% to $781,000, Peoples, up 81% to $1.33 million and Osco, up 73% to $761,000.

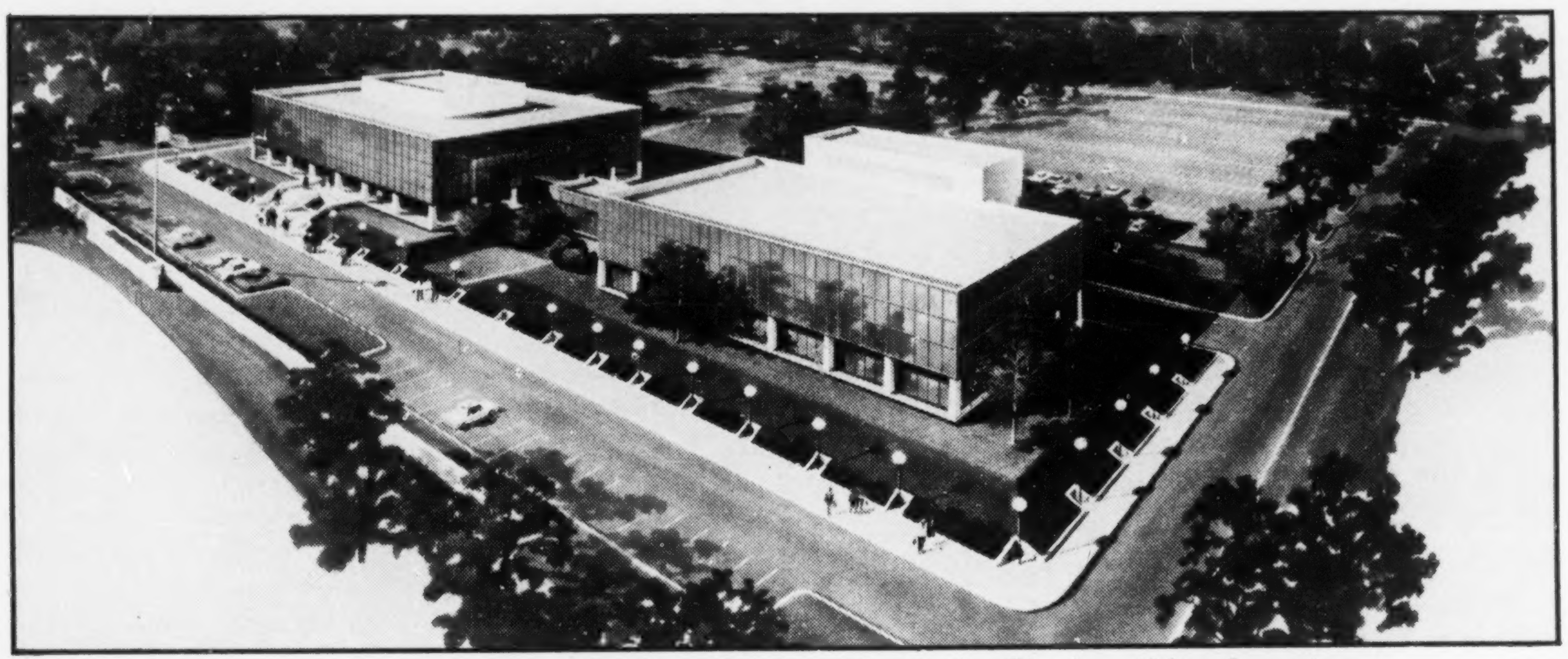
Revco was the only chain among the top 15 that spent fewer dollars than a year ago.

Top 15 drug chain local TV advertisers (Jan.-Sept. 1982)

Chain	Dollars spent (in thousands)	% change
Eckerd	$ 5,085	+ 14
Thrifty	2,292	+ 37
Revco	1,967	− 22
Peoples	1,327	+ 81
CVS	1,302	+ 17
Walgreens	1,154	+654
Longs	1,145	+ 15
Thrift	1,142	+302
Skaggs	1,083	+525
Hook	888	+ 5
Sav-On	781	+ 93
Osco	761	+ 73
Pay 'n Save	742	+ 43
Treasury	656	+340
Tom Thumb/Page	641	Inf.
Total Top 15	$20,966	+ 45

Note: Most co-op activity is credited by BAR to the manufacturer and not to the above local advertisers.

Source: BAR 75-market data compiled by the TVB.



Revco broke ground last month for a 60,000-sq.-ft. extension to its Cincinnati headquarters.

Revco begins new hq. extension

CINCINNATI—Revco Drug Stores broke ground here Dec. 21 for construction of a 60,000-sq.-ft. extension of the chain's corporate headquarters.

The new building, designed by the Cleveland architectural firm Dalton, Dalton and Newport, will be a "twin" of the company's existing 104,000-sq.-ft. home office building, which opened in 1975. The three-level steel and glass structure will enlarge Revco's central office complex by 70%, and is expected to accommodate the chain's growth through the current decade, a spokesman said. It is scheduled to open in March 1984.

Once completed, the two buildings, to be connected by a ground-level corridor, will have the capacity to accommodate 1,000 employees. Approximately 600 management-level and support employees now work at Revco's home office in Twinsburg, a Cincinnati suburb.

Profit-making exercise

All Chicago-area Walgreens stores are taking advantage of the current fitness rage by promoting an exercise bicycle and an exercise rebounder. As a tie-in sale, savvy Walgreens has included exercise attire on hooks located at the same display.

Bectel voted APhA prez

WASHINGTON—The American Pharmaceutical Association's board of trustees has elected Maurice Q. Bectel as 1983 chairman. Bectel, who succeeds James T. Doluisio, is a community pharmacist in Michigan.

Also elected were Rinaldo A. Brusadin, a practicing pharmacist from Ohio and Marily H. Rhudy and D. Stephen Crawford of West Virginia, all of whom will serve two years on the board. Roland T. Lakey, dean emeritus of Wayne State University College of Pharmacy in Detroit, was elected to be 1983 honorary chairman.

The APhA Academy of Pharmacy Practice's Daniel B. Smith Award was given to Carl F. Emswiller Jr. of Virginia for maintaining a practice of pharmacy and civic involvement which has had a "significant impact on the care of patients and the quality of community life."

R. David Cobb of Kentucky, newly elected president of the American Pharmaceutical Association's Academy of Pharmacy Practice (APhA/APP), is a community pharmacist as well as associate professor at the University of Kentucky.

Director of pharmacy at Riverside Hospital in Florida, Raymond W. Roberts, Pharm. D., has been appointed to the executive committee.

Begley opens its 2nd Ky. Radio Shack franchise

MANCHESTER, Ky.—Begley Drug has opened its second Radio Shack franchise in a drug store described as a "virtual replica" of the chain's first unit to contain the electronics department.

Begley opened its first Radio Shack franchise in Crestwood, Ky., last year because the chain wanted to enter the electronics field in a big way, but had been unable to find the right combination of product mix and margin.

"Drug stores didn't know how to sell electronics in years past," said Clarence Fain, vp of merchandising and distribution for Begley.

"We can learn a lesson from Tandy [which operates Radio Shack]," Fain said. Begley hired a former Radio Shack manager to operate the Radio Shack franchise in the Manchester store, which opened on Nov. 8.

Approximately 17% of the 10,000-sq.-ft. drug stores in Crestwood and Manchester are set aside for Radio Shack stereo components, auto stereo equipment, computers and calculators.

Stereo component prices range from $200 to $1,000, and

Continued on page 56

Harry Estes to fill new L-F planning post

NEW YORK—Lebhar-Friedman Inc., the nation's largest independent publisher of magazines and newspapers specializing in the retail field, has named Harry Estes as vp of planning and resources, a new corporate post. He joined the firm Jan. 1.

Harry Estes

In the new post, Estes will be responsible for directing the company's long-range planning and for general administration of human resources and personnel, according to Lebhar-Friedman president J. Roger Friedman.

"Harry is joining us after having served a full year as our strategic planning consultant. He was responsible for introducing a new long-range planning program to our corporate and business units in early 1982," Friedman said.

Estes is former vp of Planning Dynamics Inc., in Pittsburgh and was vp of finance and president of two printing and publishing companies. He is a CPA and a graduate of Northwestern University. He will reside in Rye, N.Y.

Robert Doll is named corporate circulation vp

Robert B. Doll

NEW YORK—Lebhar-Friedman Inc., has named Robert B. Doll, former vp circulation for McGraw-Hill, to head corporate circulation for its eight business magazines and newspapers.

Doll, who joined Lebhar-Friedman on Jan. 1, has been vp circulation at McGraw-Hill since September 1979. He held prior posts as director of financial planning and analysis and director of accounting and budgets for McGraw-Hill units and served as a controller in the company's F. W. Dodge research division. He joined

Continued on page 55

PHARMACY

Antispasmodic market trends, September 1982

Drug Description	Manufacturer	% Retail Market Share 9/82	% Refill	Avg. Qty.	Average Price 7/80	Average Price 9/82	% Retail Margin 7/80	% Retail Margin 9/82
Tagamet Tabs 300mg	SKF	42.3	58	71	$21.54	$23.29	18.0	14.8
Librax Caps	Roche	9.0	54	60	10.24	11.75	29.9	27.0
Donnatal Tabs	Robins	8.2	48	67	4.35	5.03	62.5	58.3
Combid Spans	SKF	3.9	41	32	10.87	12.53	33.2	31.0
Tagamet Tabs 200mg	SKF	3.4	60	68	19.25	20.44	24.2	20.7
Bentyl Tabs 20mg	Merrell/Dow	3.1	44	56	8.62	9.61	39.4	36.9
Bentyl Caps 10mg	Merrell/Dow	2.9	47	60	7.25	7.99	45.4	42.6
Donnatal Elixir	Robins	2.7	30	—	4.96	5.26	64.9	61.2
Bellergal S Tabs	Dorsey	2.7	55	49	11.40	14.03	32.6	28.9
Carafate Tabs 1gm	Marion	2.5	42	71	—	22.05	—	20.0
Donnatal Extentab	Robins	1.3	50	55	6.34	8.08	50.3	42.2
Pro-Banthine 15mg	Searle	1.2	56	66	11.60	15.55	29.5	25.8
Donnatal Caps	Robins	0.9	51	64	5.02	5.85	59.2	56.4
Pathibamate 400	Lederle	0.7	74	68	14.20	21.93	26.4	18.3
Bentyl Caps 20mg W/Pb.	Merrell/Dow	0.7	50	57	10.03	14.78	34.2	27.2
Bellergal Tabs	Dorsey	0.7	50	63	8.41	10.34	40.5	36.1
Bentyl Syrup	Merrell/Dow	0.7	30	—	—	5.70	—	56.7
Levsin Tabs	Kremers	0.7	38	47	6.90	7.38	47.8	47.3
Kinesed Tabs	Stuart	0.6	57	69	6.64	8.24	49.1	43.2
Hysophen Tabs	Rugby	0.6	46	73	3.74	3.76	86.1	85.6
Top 20		88.8	53	—	—	16.84	—	20.6
Others		11.2	53	—	—	10.70	—	35.8
Total		100.0	53	—	12.31	16.15	28.1	21.8

Margins are based on average wholesale prices

Source: Decision Data

Tagamet garners 42% of antiulcer Rx market as competition grows

NEW YORK—Tagamet continued its dominance of the antispasmodic prescription market, but this therapeutic class is expected to become more competitive as new products are launched.

The market leader, known generically as cimetidine, increased its share of all antiulcer scripts to 42% during September 1982, a gain of 13 share points since July 1980, according to Arlington, Tex.-based Decision Data.

A new product entry—Carafate (sucralfate)—launched during the first half of 1982 got off to an early start by garnering 2.5% of all antiulcer scripts dispensed through the nation's pharmacies. Marketed by Marion Labs and licensed from Japanese pharmaceutical maker Chugai, the product currently has a narrower market potential than histamine antagonists like cimetidine. Sucralfate does, however, heal duodenal ulcers, while cimetidine cures broader conditions related to peptic ulcer.

Indeed, some analysts have positioned sucralfate for use with cimetidine rather than as a replacement for it.

But virtually all investment analysts agreed that cimetidine and sucralfate will both face significant new competition in the United States market from ranitidine.

Ranitidine is a histamine antagonist—like cimetidine—but the new product, which is not yet released, is said to be more potent, longer acting, and easier to use. It's predicted the drug's English developer, Glaxo, will launch ranitidine (branded as Zantac) early in 1983.

Roche, a firm that formerly had a significant share of the antispasmodic market with Librax, should also benefit from the launch of ranitidine. Glaxo and Roche reached an agreement to jointly market the new product in the United States.

The new venture is described as harnessing the sales, professional services, and marketing forces of both firms' United States-based organizations. According to Irwin Lerner, ceo at Roche, the firm's experience

Continued on page 40

Is there life in Rx departments without brand-name OTC drugs?

LYNDHURST, N.J.—Can a leased pharmacy department in a large food store survive without revenue from nationally advertised, brand-name OTC drugs?

Two New Jersey pharmacists, who have set up shop in two Foodtown supermarkets operated by Mayfair Super Markets Inc., a 35-store chain based in Elizabeth, N.J., are betting that the answer is yes.

The reason they can't carry well-known branded products is that they would be competing with their food store landlord, which stocks its own lines of health and beauty aids.

Norman Genzer, who runs the pharmacy here, and Larry Kessler, who operates one in Linden, N.J., both say that the drawing power of the supermarket plus some promotional punch of their own will ultimately lead to the 100 scripts per day they need to make money.

In place of the big name OTC drugs that might be expected to pull customers to the pharmacy counter, the pharmacists have put in an extensive array of vitamins and nutritionals (estimated at 200 running feet), contraceptives and a small selection of sports medicine and first aid items like elastic support bandages. The items have been carefully chosen to give the two pharmacies a highly professional image.

"We try to stick to professionally promoted products," Kessler said, citing several ethical cough and cold products and vitamins.

"My biggest problem," said Genzer, who gave up a money-making pharmacy in a tough Newark neighborhood before coming to Foodtown, "is determining what items I can and can't stock."

Genzer has to avoid duplicating the Foodtown H&BA.

"My merchandise is my own," he says. "It's rung through my register, and the food store's merchandise is rung through their checkouts." Local wholesalers supply most of the needs of the two pharmacy operations.

The Foodtown operation has done its part to help the Lyndhurst fledgling pharmacy fly. They have set up the H&BA aisle (60 linear feet) perpendicular to the glassed-in pharmacy. The aisle acts to funnel traffic right into the depart-

Continued on page 27

prescriptions
VICK

The health and beauty aids aisle leads shoppers into Norman Genzer's leased pharmacy department at Foodtown. In-store signing is large and easy to read from any location in the food store.

New Year's revolutions seen for Rx drugs, delivery

Joseph Caputo, RPh
Pharmaceutical Editor

Never has the pharmacy profession found itself in a more dynamic environment. With that in mind, here's a bit of crystal ball gazing for 1983.

—New prescription drugs and unique delivery systems will be launched through the nation's pharmacies. In addition to the revolution in genetic engineering represented by human insulin, expect to see new antiarthritics, antibiotics, cardiovascular products, analgesics and antiulcer drugs.

—Older drugs will get a new lease on life as they are reformulated and packaged in easy-to-use delivery systems. (One example: Skin patches that deliver drugs through the skin.) Meanwhile, some cough and cold products will be reformulated and marketed in long-acting liquid delivery systems. Dosing twice a day will become a reality for some OTC antitussives.

—Conversion from prescription to OTC status will accelerate as manufacturers seek F.D.A. approval to pull products from behind prescription counters. Candidates include antiasthmatics, antifungals, decongestants and gastrointestinal drugs.

—Chain drug stores more and more will emphasize their role in home health care, as other types of retailers nibble away at their basic health and beauty aid business. But they won't be alone. With cutbacks and restrictions shrinking their traditional sources of income, hospitals will test the waters for home health care products and services.

—Traditional distribution channels for pharmaceuticals will become even more fragmented, as more and more supermarkets add pharmacy departments. In addition, mail order prescription services will become an increasing competitive threat to drug stores

—Pharmacy schools will add more business-oriented courses in such areas as communications, computers and human relations skills.

—Automation in such areas as inventory control, order taking, pricing and patient profiles will result in increased efficiency behind the prescription counter. The smart chains will use the time gained to increase pharmacist-patient communication, and thereby enhance their health care image.

—Medicaid programs will continue to cause retailers to tear their hair out, as state administrators scramble to cover more cutbacks in Federal funds. Indigent patients covered by the program will find themselves faced by a number of alternatives. Their copays will increase, fewer refills will be authorized and increased quantities will be requested per script.

—Pharmacies will be selected by bid to provide prescription services in selected areas. And additional actions will be taken to keep a lid on escalating Medicaid costs.

So much for forecasting.

It appears that the old adage—the only certainty is change—is truer today for pharmacy than at any time in the past.